



Control Number: 51415



Item Number: 346

Addendum StartPage: 0

PUBLIC UTILITY COMMISSION OF TEXAS

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Answers

The seal of the State of Texas is centered within the outline of the state. It is a circular emblem with a five-pointed star in the center, surrounded by a wreath. The words "THE STATE OF TEXAS" are inscribed around the perimeter of the seal.

346

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415
COMPANY NAME Southwestern Electric Power Company
TEST YEAR END 31-Mar-20

Schedule I
Total Company Revenue Requirement
Page 1 of 1

| | Company Test Year Total (a) | Company Adjustments To Test Year (b) | Co Requested Test Year Total Electric (c) = (a) + (b) | Staff Adj To Company Request (d) | Staff Adjusted Total Electric (e) = (c) + (d) |
|-----------------------------------------|--------------------------------------|-----------------------------------------------|----------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------|
| REVENUE REQUIREMENT | | | | | |
| Operations & Maintenance | 1,096,640,498 | (543,274,144) | 553,366,356 | (23,683,317) | 529,683,039 |
| Loss on Disposition of Utility Property | 653,208 | 0 | 653,208 | (489,906) | 163,302 |
| Accretion Expense | 3,484,561 | 0 | 3,484,561 | 0 | 3,484,561 |
| Amortization Expense | 17,994,221 | 6,587,836 | 24,582,057 | 1,453,062 | 26,035,119 |
| Depreciation Expense | 236,316,513 | 10,332,293 | 246,648,806 | (10,525,816) | 236,122,990 |
| Taxes Other Than Income Taxes | 100,527,332 | (235,803) | 100,291,529 | (7,013,945) | 93,277,584 |
| Federal Income Taxes | 7,262,011 | 65,445,545 | 65,445,545 | (20,037,473) | 45,408,072 |
| Return on Invested Capital | 263,445,627 | 125,872,449 | 389,318,076 | (66,328,294) | 322,989,782 |
| Other State Income Taxes | (1,364,764) | 1,364,764 | 0 | | |
| Dolet Hills Recovery | | | | 11,573,440 | 11,573,440 |
| TOTAL | 1,724,959,207 | (333,907,060) | 1,383,790,138 | (115,052,249) | 1,268,737,889 |

OPERATIONS AND MAINTENANCE EXPENSE

| | | Company Test Year Total | Company Adjustments To Test Year | Co Requested Test Year Total Electric | Staff Adj To Company Request | Staff Adjusted Total Electric |
|---------------------------------------------|---------|-------------------------------|----------------------------------------|---------------------------------------------|------------------------------------|-------------------------------------|
| | | (a) | (b) | (c) | (d) | (e) = (c) + (d) |
| Operations & Maintenance: | Acct No | | | | | |
| Prod. Operation and Supr | 500 | 21,645,237 | (1,299,105) | 20,346,132 | (1,790,311) | 18,555,821 |
| Fuel-Reconcilable | 501 | 399,631,093 | (382,531,543) | 17,099,550 | (3,322,699) | 13,776,851 |
| Fuel-Non Reconcilable | 501 | 0 | 0 | 0 | 0 | 0 |
| Steam Expenses | 502 | 19,098,323 | (8,212,796) | 10,885,527 | (1,329,173) | 9,556,354 |
| Electric Expenses | 505 | 10,576,275 | (532,822) | 10,043,453 | (439,351) | 9,604,102 |
| Misc Steam Power Expenses | 506 | 18,480,428 | 2,024,792 | 18,505,220 | (3,822,065) | 14,683,155 |
| Rents | 507 | 3,339 | 0 | 3,339 | (634) | 2,705 |
| Allowance Expense | 509 | 333,862 | (41,727) | 292,135 | 0 | 292,135 |
| Maintenance Supv and Eng | 510 | 5,221,988 | (367,421) | 4,854,567 | (398,292) | 4,456,275 |
| Maintenance of structures | 511 | 5,930,496 | (99,368) | 5,831,128 | (237,043) | 5,594,085 |
| Maintenance of boiler plant | 512 | 36,899,429 | (769,067) | 36,130,362 | (3,987,369) | 32,142,993 |
| Maintenance of electric plant | 513 | 8,232,373 | (192,019) | 8,040,354 | (187,823) | 7,852,531 |
| Maintenance of misc steam plant | 514 | 7,151,128 | (164,156) | 6,986,972 | (1,097,601) | 5,889,371 |
| Operation supervision and engineering | 517 | 0 | 0 | 0 | 0 | 0 |
| Maintenance Supv and Eng | 528 | | | | (468) | (468) |
| Maintenance of structures | 529 | | | | (26) | (26) |
| Maintenance of electric plant | 531 | | | | (1) | (1) |
| Operation supervision and engineering | 535 | | | | (376) | (376) |
| Hydraulic expenses | 537 | | | | (37) | (37) |
| Misc Hydr. Generation expenses | 539 | | | | (379) | (379) |
| Maintenance Supv and Eng | 541 | 0 | 0 | 0 | 0 | 0 |
| Maintenance of structures | 542 | | | | 1 | 1 |
| Maintenance of electric plant | 544 | | | | 5 | 5 |
| Maintenance of misc. hydraulic plant | 545 | | | | (94) | (94) |
| Operation Supv and Eng | 546 | 4,833 | (8,710) | (3,877) | 0 | (3,877) |
| Operation Fuel | 547 | 10,520,437 | (10,520,437) | 0 | 0 | 0 |
| Operation Generation Exp | 548 | 257,827 | (11,366) | 246,461 | 1,295 | 247,756 |
| Misc. Other Power Gen Exp | 549 | 6,031 | 0 | 6,031 | (3) | 6,028 |
| Operation Rents | 550 | 0 | 0 | 0 | 0 | 0 |
| Maintenance Supv and Eng | 551 | (35) | 0 | (33) | 0 | (33) |
| Maintenance of structures | 552 | 961 | 60 | 1,021 | 6 | 1,027 |
| Maintenance of generating and ele | 553 | 827,970 | (17,633) | 810,337 | 1,103 | 811,440 |
| Maint of Misc Other power gen plant | 554 | 81,759 | 0 | 81,759 | 0 | 81,759 |
| Purchased Power | 555 | 207,609,120 | (200,987,454) | 6,621,666 | 0 | 6,621,666 |
| System Control & Load Dispatch | 556 | 1,494,472 | (103,460) | 1,391,012 | (105,324) | 1,285,688 |
| System Control & Dispatch Other | 557 | 1,822,709 | 1,255,487 | 3,078,196 | (240,451) | 2,837,745 |
| Transmission Ops Supr & Engr | 560 | 10,546,443 | (565,371) | 9,981,072 | (618,624) | 9,362,448 |
| Transmission Load Dispatching -reliability | 5611 | 0 | 0 | 0 | 0 | 0 |
| Monitor and operate transmission-sys | 5612 | 1,073,774 | (43,835) | 1,029,939 | (140,536) | 889,403 |
| Trans service and scheduling | 5613 | 417 | 0 | 417 | 0 | 417 |
| Schedule system control and dispatch ser | 5614 | 11,545,148 | 0 | 11,545,148 | 0 | 11,545,148 |
| Reliability planning and standards deve | 5615 | 251,831 | (9,586) | 242,245 | (32,819) | 209,426 |
| Reliability planning and standards deve ser | 5618 | 914,530 | 0 | 914,530 | 0 | 914,530 |
| Transmission Station Equipment | 562 | 1,235,007 | (22,879) | 1,212,128 | 862 | 1,212,990 |
| Trans OH Line Expense | 563 | 430,199 | (2,044) | 428,155 | (1,482) | 426,673 |
| Underground Line Expenses | 564 | 1,573 | 19 | 1,592 | 0 | 1,592 |
| Transmission of Electricity by Others | 565 | 73,241,705 | 79,285,200 | 152,526,905 | 0 | 152,526,905 |
| Misc Transmission Expenses | 566 | 2,924,908 | 452,807 | 3,377,715 | (119,996) | 3,257,719 |
| Rents | 567 | 25,508 | (1) | 25,507 | (7) | 25,500 |
| SPP Admin - MAM&SC | 5757 | 2,366,891 | 0 | 2,366,891 | 0 | 2,366,891 |
| Maint. Supv. And Eng. | 568 | 15,702 | (864) | 14,838 | (839) | 13,999 |
| Maint. of Structures | 569 | 36,341 | (195) | 36,146 | 25 | 36,171 |
| Maint. of computer hardware | 5691 | 9,937 | (312) | 9,625 | (1,517) | 8,108 |
| Maint. of computer software | 5692 | 642,128 | (5,524) | 636,604 | (14,375) | 622,229 |
| Maint. of computer equip | 5693 | 56,944 | 0 | 56,944 | 0 | 56,944 |
| Transmission Maint Station Equip | 570 | 2,651,013 | (78,372) | 2,572,641 | (12,225) | 2,560,416 |
| Transmission Maint OH Line Exp | 571 | 14,533,315 | (27,704) | 14,505,611 | 176 | 14,505,787 |
| Maint. of Underground Lines | 572 | 11,239 | 111 | 11,350 | 0 | 11,350 |
| Maint. of Misc. Transmission | 573 | 85,869 | (4,658) | 81,211 | (104) | 81,107 |
| Distribution Ops Supr & Engr | 580 | 2,632,859 | (167,391) | 2,465,468 | (98,116) | 2,367,352 |
| Distribution Load Dispatching | 581 | 82,791 | (1,291) | 81,500 | 0 | 81,500 |
| Distribution Station Expenses | 582 | 749,112 | (21,825) | 727,287 | (11,867) | 715,420 |
| Distribution OH Line Expenses | 583 | 1,752,384 | (223,813) | 1,528,571 | (12,428) | 1,516,143 |
| Underground Line Expenses | 584 | 1,383,497 | (46,597) | 1,336,900 | 2,532 | 1,339,432 |
| Street Lighting & Signal Sys | 585 | 152,030 | (3,872) | 158,158 | 132 | 158,290 |
| Meter Expenses | 586 | 3,819,316 | (302,033) | 3,517,283 | (781) | 3,516,502 |
| Customer Installations | 587 | 410,742 | (20,716) | 390,026 | 1,572 | 391,598 |
| Miscellaneous Distribution Exp | 588 | 20,017,606 | 2,087,092 | 22,104,698 | (1,280) | 22,104,018 |
| Rents | 589 | 889,843 | 0 | 889,843 | (1,140) | 888,703 |
| Distribution Maint Supr & Engr | 590 | 166,893 | (13,911) | 152,972 | (49) | 152,923 |
| Maint. of Structures | 591 | 39,491 | (209) | 39,282 | 46 | 39,328 |
| Distribution Maint Station Equip | 592 | 2,040,674 | (46,290) | 1,994,384 | (2,354) | 1,992,030 |
| Distribution Maint OH lines | 593 | 57,550,019 | (1,092,825) | 56,457,194 | 21,676 | 56,478,870 |
| Underground Line Expenses | 594 | 660,415 | (15,706) | 644,709 | 1,089 | 645,798 |
| Dist Maint Line Tmf. Regulators | 595 | 140,636 | (8,001) | 132,635 | 413 | 133,048 |
| Maint Street Light & Signal Sys | 596 | 303,595 | (18,992) | 284,603 | 700 | 285,303 |
| Maintenance of Meters | 597 | 442,928 | (28,138) | 414,790 | 2,026 | 416,816 |
| Maint of Misc Distr Plant | 598 | 371,393 | (15,560) | 355,833 | 1,224 | 357,057 |
| Supervision - Customer Accts | 901 | 781,491 | (60,532) | 720,959 | (4,674) | 716,285 |
| Meter Reading Exp | 902 | 2,614,840 | (146,207) | 2,468,633 | (505) | 2,468,128 |
| Customer Records & Collection | 903 | 17,797,556 | 965,076 | 18,762,632 | (1,779,751) | 16,982,881 |
| Customer Deposit Interest | 903.2 | 0 | 0 | 0 | 0 | 0 |
| Uncollectible Accounts | 904 | 724,395 | 0 | 724,395 | 0 | 724,395 |
| Miscellaneous | 905 | 101,498 | (323) | 101,175 | (2,224) | 98,951 |
| Factoring Expense | 426.5 | 9,711,825 | (1,296,219) | 8,415,606 | (103,200) | 8,312,406 |
| Factoring Expense on Revenue Deficiency | 426.5 | | 1,150,699 | 1,150,699 | (605,988) | 583,711 |
| | | | | 0.004825800000 | | 0.005148840000 |
| Customer Ser Factoring Rate on Revenue Di | 906 | 0 | 0 | 0 | 0 | 0 |
| Supervision | 907 | 7,429,119 | (6,739,057) | 690,062 | (3,871) | 686,191 |
| Customer Assistance | 908 | 15,029,496 | (12,749,804) | 2,279,692 | 5,034 | 2,284,726 |
| Information & Instr Advertising | 909 | 0 | 0 | 0 | 31,644 | 31,644 |
| Misc. Cust. Service and Information | 910 | 27,409 | (1,365) | 26,044 | (1,651) | 24,393 |
| Sales Supervision | 911 | 2,198 | 0 | 2,198 | 0 | 2,198 |
| Demonstrating & Selling Exp | 912 | 265,976 | (6,786) | 259,190 | (220) | 258,970 |
| Advertising Expense | 913 | 0 | 0 | 0 | 0 | 0 |
| Misc. Sales Expense | 916 | 0 | 0 | 0 | 0 | 0 |
| Sales Expense | 917 | 0 | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 | 0 |
| TOTAL Operations & Maintenance | | 1,024,512,494 | (542,385,049) | 482,127,447 | (20,459,582) | 461,667,865 |

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415
COMPANY NAME Southwestern Electric Power Company
TEST YEAR END 31-Mar-20

Schedule II
O&M Expense
Page 2 of 2

OPERATIONS AND MAINTENANCE EXPENSE

| | | Company Test Year Total (a) | Company Adjustments To Test Year (b) | Co Requested Test Year Total Electric (c) | Staff Adj To Company Request (d) | Staff Adjusted Total Electric (e) = (c) + (d) |
|---------------------------------|------------|--------------------------------------|-----------------------------------------------|----------------------------------------------------|-------------------------------------------|--------------------------------------------------------|
| | Acct. No | | | | | |
| Administrative & General (WP/A) | | | | | | |
| Admin & General Salaries | 920 | 32,325,718 | (3,364,803) | 28,960,915 | (2,021,665) | 26,939,250 |
| Office Supplies & Exp | 921 | 2,947,644 | (1,212,661) | 1,734,983 | (2,085) | 1,732,898 |
| Admin Expenses Transferred | 922 | (4,430,969) | (59,256) | (4,490,225) | (15,049) | (4,505,274) |
| Outside Services | 923 | 9,712,500 | 7,253 | 9,719,753 | (80) | 9,719,673 |
| Property Insurance | 924 | 2,428,223 | 1,699,700 | 4,117,923 | (442,574) | 3,675,349 |
| Injuries & Damages | 925 | 3,657,677 | (29,527) | 3,628,150 | (14) | 3,628,136 |
| Employee Pensions & Benefits | 926 | 13,373,091 | 2,913,757 | 16,286,848 | (533,498) | 15,753,350 |
| Regulatory Commission Exp | 928 | 2,624,761 | (2,494,746) | 130,015 | (175,658) | (45,643) |
| Duplicate Charges | 929 | 0 | 0 | 0 | 0 | 0 |
| General Advertising Exp | 9301 | 318,019 | (1,129) | 316,890 | (26) | 316,864 |
| Miscellaneous | 9302 | 1,724,290 | 1,732,377 | 3,456,667 | (27,458) | 3,429,209 |
| Rents | 931 | 1,008,537 | (585) | 1,007,952 | 0 | 1,007,952 |
| Maint. Of General Plant | 935 | 6,436,014 | (69,422) | 6,366,592 | (5,628) | 6,360,964 |
| TOTAL Administrative & General | | 72,125,505 | (889,042) | 71,236,463 | (3,223,735) | 68,012,728 |
| TOTAL O & M EXPENSE | | 1,096,637,999 | (543,274,091) | 553,363,910 | (23,683,317) | 529,680,593 |
| | 8140 | 53 | -53 | 0 | | 0 |
| | 4118, 4119 | 4 | 0 | 4 | | 4 |
| | 4010 | 2442 | 0 | 2 442 | | 2442 |

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1 096,640,498

(543,274,144)

553,360,356

(23,683,317)

529,683,039

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415
COMPANY NAME Southwestern Electric Power Company
TEST YEAR END 31-Mar-20

Schedule III
Invested Capital
Page 1 of 1

| | | Company Test Year Total | Company Adjustments To Test Year | Co Requested Test Year Total Electric | Staff Adj To Company Request | Staff Adjusted Total Electric |
|-----------------------------------------------|--------------|-------------------------------|----------------------------------------|---------------------------------------------|------------------------------------|-------------------------------------|
| | | (a) | (b) | (c) | (d) | (e) = (c) + (d) |
| INVESTED CAPITAL | | | | | | |
| | Acct. No | | | | | |
| Plant in Service | 101 | 9,262,354,949 | 59,960,988 | 9,322,315,937 | (339,874,755) | 8,982,441,182 |
| Accumulated Depreciation | 108 | (3,329,123,077) | 133,944,841 | (3,195,178,236) | 287,562,107 | (2,907,616,129) |
| Net Plant in Service | | 5,933,231,872 | 193,905,829 | 6,127,137,701 | (52,312,648) | 6,074,825,053 |
| Construction Work in Progress | 107 | 226,392,894 | (226,392,894) | 0 | 0 | 0 |
| Plant Held for Future Use | 105 | 1,044,101 | (823,186) | 220,915 | 0 | 220,915 |
| Dolet Hills Mine FAS 143 ARO Asset | 101.6 | 61,976,617 | (61,976,617) | 0 | 0 | 0 |
| Capitalized leases | 1011 | 105,842,819 | (105,842,819) | 0 | 0 | 0 |
| Accumulated Provision - Leased Assets | | (31,065,524) | 31,065,524 | 0 | 0 | 0 |
| Completed Construction Not Classified | 106 | 319,647,154 | 0 | 319,647,154 | 0 | 319,647,154 |
| Plant Acquisition | 114 | 18,043,976 | (18,043,976) | 0 | 0 | 0 |
| Accumulated Provision - Plant Acquisition | | (18,043,976) | 18,043,976 | 0 | 0 | 0 |
| Other Electric Plant Adjustments | 116 | | | | 0 | 0 |
| Turk Impairments | | (51,821,999) | | (51,821,999) | | (51,821,999) |
| Tx Trans Veg Mgmt Cost Wnteeff | | (1,471,585) | | (1,471,585) | | (1,471,585) |
| Tx Dist Veg Mgmt Cost Writeoff | | (3,993,357) | | (3,993,357) | | (3,993,357) |
| SERP | | (637,842) | | (637,842) | | (637,842) |
| CWIP Fin Based Incentive | | (12,432,748) | | (12,432,748) | (37,860) | (12,470,608) |
| RWIP Fin Based Incentive | | (499,903) | | (499,903) | (5,485) | (505,388) |
| Working Cash Allowance | | (145,220,159) | 0 | (145,220,159) | 3,579,040 | (141,641,119) |
| Materials and Supplies | 154 | 70,436,747 | (913,340) | 69,523,407 | 0 | 69,523,407 |
| Fuel Inventories | 151/152 | 105,918,091 | (19,211,748) | 86,706,343 | 0 | 86,706,343 |
| Prepayments | 165 | 17,148,962 | 83,452,444 | 100,601,406 | 0 | 100,601,406 |
| SFAS #109 Regulatory Assets & Liabilities | 1823/254 | (412,675,887) | 35,506,181 | (377,169,706) | 0 | (377,169,706) |
| Accumulated DFIT - Reg Assets and Liabilities | | 412,675,897 | (35,506,191) | 377,169,706 | 0 | 377,169,706 |
| Accumulated Deferred Federal Income Taxes | | (1,270,549,476) | 291,719,543 | (978,829,933) | (445,079,607) | (1,423,909,540) |
| Rate Base - Other | | 0 | 0 | 0 | | 0 |
| IPP Credit | 2530067 | (7,532,556) | 0 | (7,532,556) | 0 | (7,532,556) |
| Trading Deposits | 1340018/1340 | 2,092,064 | 0 | 2,092,064 | 0 | 2,092,064 |
| Excess Earnings Deferral | 2540052 | (2,453,476) | 0 | (2,453,476) | 0 | (2,453,476) |
| T.V. Pole Attachments | 2530050 | (831,313) | 0 | (831,313) | 0 | (831,313) |
| Sabine Mine Reclamation | 2420059 | 0 | (64,960,236) | (64,960,236) | 0 | (64,960,236) |
| Investment in Oxbow | | 0 | 16,576,181 | 16,576,181 | (16,576,181) | 0 |
| Electric Plant Purchased or Sold | | 64,005 | (64,005) | 0 | | 0 |
| SFAS #106 Medicare Subsidy | | 2,533,221 | 0 | 2,533,221 | | 2,533,221 |
| Customer Deposits | | (65,072,259) | 0 | (65,072,259) | 0 | (65,072,259) |
| TOTAL INVESTED CAPITAL (RATE BASE) | | 5,252,746,360 | 136,534,666 | 5,389,281,026 | (510,432,741) | 4,878,848,285 |
| RATE OF RETURN | | 5.02% | | 7.22% | | 6.62% |
| RETURN ON INVESTED CAPITAL | | 263,445,627 | 125,872,449 | 389,318,076 | (66,328,294) | 322,989,782 |

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SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51416
COMPANY NAME Southwestern Electric Power Company
TEST YEAR END 31-Mar-20

Schedule IIIA
Electric Plant in Service
Page 1 of 2

| | | Company Test Year Total | Company Adjustments To Test Year | Co Requested Test Year Total Electric | Staff Adj To Company Request | Staff Adjusted Total Electric |
|--------------------------------------|---------|-------------------------------|----------------------------------------|---------------------------------------------|------------------------------------|-------------------------------------|
| | | (a) | (b) | (c) | (d) | (e) = (c) + (d) |
| Electric Plant in Service | | | | | | |
| Intangible Plant | Acct No | | | | | |
| Organization | 301 | 12,202 | 0 | 12,202 | 0 | 12,202 |
| Total Intangib Misc Intangible Plant | 303 | 113,129,697 | 0 | 113,129,697 | 0 | 113,129,697 |
| Production Plant-Steam | | 113,141,899 | 0 | 113,141,899 | 0 | 113,141,899 |
| Land and Land Rights | 310 | 26,969,480 | 0 | 26,969,480 | (1,510,615) | 25,458,865 |
| Structures and Improve | 311 | 637,760,782 | 0 | 637,760,782 | (57,023,545) | 580,737,237 |
| Boiler Plant Equipment | 312 | 2,655,899,049 | 0 | 2,655,899,049 | (211,135,254) | 2,444,763,795 |
| Turbogenerators | 314 | 721,720,666 | 0 | 721,720,666 | (39,735,805) | 681,984,861 |
| Accessory Equipment | 315 | 242,125,639 | 0 | 242,125,639 | (12,572,796) | 229,552,843 |
| Misc. Power Plant Equip | 316 | 216,425,606 | 0 | 216,425,606 | (16,666,082) | 199,759,524 |
| ARO Steam Production Plant | 317 | 83,594,996 | 0 | 83,594,996 | (1,230,657) | 82,364,339 |
| Production Pl: AFUDC Adjustment | | 0 | 60,191,668 | 60,191,668 | 0 | 60,191,668 |
| Land and Land Rights | 340 | 1,451,852 | 0 | 1,451,852 | 0 | 1,451,852 |
| Structures and Improve | 341 | 30,491,492 | 0 | 30,491,492 | 0 | 30,491,492 |
| Fuel Holders, Producers | 342 | 0 | 0 | 0 | 0 | 0 |
| Pnme Movers | 343 | 0 | 0 | 0 | 0 | 0 |
| Generators | 344 | 84,008,692 | 0 | 84,008,692 | 0 | 84,008,692 |
| Accessory Equipment | 345 | 8,990,259 | 0 | 8,990,259 | 0 | 8,990,259 |
| Misc Power Plant Equip | 346 | 829,902 | 0 | 829,902 | 0 | 829,902 |
| AFUDC Adjustment | | 0 | 1,748,111 | 1,748,111 | 0 | 1,748,111 |
| Total Producti Other Production | | | | | | 0 |
| | | 4,710,268,415 | 61,939,779 | 4,772,208,194 | (339,874,754) | 4,432,333,440 |
| Transmission Plant | | | | | | |
| Land & Land Rights | 350 | 98,274,229 | 0 | 98,274,229 | 0 | 98,274,229 |
| Structures and Improv | 352 | 19,617,255 | 0 | 19,617,255 | 0 | 19,617,255 |
| Station Equipment | 353 | 658,800,754 | 0 | 658,800,754 | 0 | 658,800,754 |
| Towers & Fixtures | 354 | 40,268,484 | 0 | 40,268,484 | 0 | 40,268,484 |
| Poles & Fixtures | 355 | 672,105,462 | 0 | 672,105,462 | 0 | 672,105,462 |
| Overhead Conductors &D | 356 | 390,618,514 | 0 | 390,618,514 | 0 | 390,618,514 |
| Underground Conduit | 357 | 2,877,687 | 0 | 2,877,687 | 0 | 2,877,687 |
| Underground Conductor | 358 | 77,032 | 0 | 77,032 | 0 | 77,032 |
| Roads and Trails | 359 | 131,947 | 0 | 131,947 | 0 | 131,947 |
| AFUDC Adjustment | | 0 | (672,358) | (672,358) | 0 | (672,358) |
| Total Transm! Other Transmission | | | | | | 0 |
| | | 1,882,771,364 | (672,358) | 1,882,099,006 | 0 | 1,882,099,006 |
| Distribution Plant | | | | | | |
| Land & Land Rights | 360 | 9,962,607 | 0 | 9,962,607 | 0 | 9,962,607 |
| Structure and Improve | 361 | 9,077,437 | 0 | 9,077,437 | 0 | 9,077,437 |
| Station Equipment | 362 | 325,484,043 | 0 | 325,484,043 | 0 | 325,484,043 |
| Poles, Towers & Fixtures | 364 | 460,632,486 | 0 | 460,632,486 | 0 | 460,632,486 |
| OH Conductors & Devices | 365 | 459,819,309 | 0 | 459,819,309 | 0 | 459,819,309 |
| Underground Conduit | 366 | 70,251,605 | 0 | 70,251,605 | 0 | 70,251,605 |
| UG Con & Devices | 367 | 229,231,820 | 0 | 229,231,820 | 0 | 229,231,820 |
| Line Transformers | 368 | 406,536,885 | 0 | 406,536,885 | 0 | 406,536,885 |
| Services | 369 | 97,428,656 | 0 | 97,428,656 | 0 | 97,428,656 |
| Meters | 370 | 86,219,124 | 0 | 86,219,124 | 0 | 86,219,124 |
| Installations on Cus Pre | 371 | 43,841,079 | 0 | 43,841,079 | 0 | 43,841,079 |
| Street Lights | 373 | 42,503,668 | 0 | 42,503,668 | 0 | 42,503,668 |
| AFUDC Adjustment | | 0 | 976,298 | 976,298 | 0 | 976,298 |
| Total Distribut Other Distribution | | | | | | 0 |
| | | 2,240,988,719 | 976,298 | 2,241,965,017 | 0 | 2,241,965,017 |
| General Plant | | | | | | |
| Land & Land Rights | 389 | 22,030,361 | 0 | 22,030,361 | 0 | 22,030,361 |
| Structure & Improve | 390 | 105,848,061 | 0 | 105,848,061 | 0 | 105,848,061 |
| Office Furniture & Equip | 391 | 9,328,307 | 0 | 9,328,307 | 0 | 9,328,307 |
| Transportation Equip | 392 | 4,118,518 | 0 | 4,118,518 | 0 | 4,118,518 |
| Stores Equipment | 393 | 3,121,778 | 0 | 3,121,778 | 0 | 3,121,778 |
| Tools, Shop & Garage E | 394 | 28,505,444 | 0 | 28,505,444 | 0 | 28,505,444 |
| Laboratory Equipment | 395 | 5,501,275 | 0 | 5,501,275 | 0 | 5,501,275 |
| Power Operated Equip | 396 | 698,227 | 0 | 698,227 | 0 | 698,227 |
| Total Communication Equ | 397 | 42,871,548 | 0 | 42,871,548 | 0 | 42,871,548 |
| Misc Equipment | 398 | 2,423,516 | 0 | 2,423,516 | 0 | 2,423,516 |
| Other Intangible Prop | 399 | 66,108,822 | 0 | 66,108,822 | 0 | 66,108,822 |
| Asset Retirement Cost | 399 1 | 2,009,077 | 0 | 2,009,077 | 0 | 2,009,077 |
| AFUDC Adjustment | | 0 | (2,282,731) | (2,282,731) | 0 | (2,282,731) |
| Other Tangible Property | 399 3 | 22,619,620 | | 22,619,620 | | 22,619,620 |
| Total General Plant | | 315,184,554 | (2,282,731) | 312,901,823 | 0 | 312,901,823 |
| TOTAL ELECTRIC PIS | | 9,262,354,951 | 59,960,988 | 9,322,315,939 | (339,874,754) | 8,982,441,185 |

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| | | | | | | |
|------------------------------------------|---------|----------------------|------------------------|----------------------|----------------------|----------------------|
| Property Under Capital Lease | 101.1 | 74,777,297 | (74,777,297) | 0 | 0 | 0 |
| Total Held for Future Use/Land | 350/360 | 1,044,101 | (823,186) | 220,915 | 0 | 220,915 |
| Doleit Hills Mine FAS 143 ARO Asset | 101.6 | 61,976,617 | (61,976,617) | 0 | 0 | 0 |
| Completed not Classified/Misc Intangible | 303 | 19,938,203 | 0 | 19,938,203 | 0 | 19,938,203 |
| Electric Plant Purchased or Sold | 102 | 64,005 | (64,005) | 0 | 0 | 0 |
| Completed Plant not Classified: | | 0 | 0 | 0 | 0 | 0 |
| PRODUCTION | | | | | | |
| STEAM | | | | | | |
| Land and Land Right | 310 | 0 | 0 | 0 | 0 | 0 |
| Structure and Improvements | 311 | 1,602,156 | 0 | 1,602,156 | 0 | 1,602,156 |
| Boiler Plant Equipment | 312 | 29,986,567 | 0 | 29,986,567 | 0 | 29,986,567 |
| Turbogenerator | 314 | 3,960,323 | 0 | 3,960,323 | 0 | 3,960,323 |
| Accessory Electric Equipment | 315 | 531,886 | 0 | 531,886 | 0 | 531,886 |
| Misc Power Plant Equipment | 316 | 1,144,908 | 0 | 1,144,908 | 0 | 1,144,908 |
| Total Steam | | 37,225,840 | 0 | 37,225,840 | 0 | 37,225,840 |
| Other Production | | | | | | |
| Land and Land Right | 340 | 0 | 0 | 0 | 0 | 0 |
| Structure and Improvements | 341 | 620,723 | 0 | 620,723 | 0 | 620,723 |
| Fuel Holders, Production, Access | 342 | 0 | 0 | 0 | 0 | 0 |
| Prime Movers | 343 | 0 | 0 | 0 | 0 | 0 |
| Generators | 344 | 473,407 | 0 | 473,407 | 0 | 473,407 |
| Accessory Electric Equipment | 345 | 13,151 | 0 | 13,151 | 0 | 13,151 |
| Misc Power Plant Equipment | 346 | 110,465 | 0 | 110,465 | 0 | 110,465 |
| Total Other Production | | 1,217,746 | 0 | 1,217,746 | 0 | 1,217,746 |
| TOTAL PRODUCTION | | 38,443,586 | 0 | 38,443,586 | 0 | 38,443,586 |
| TRANSMISSION | | | | | | |
| Land and Land Right | 350 | 5,986,925 | 0 | 5,986,925 | 0 | 5,986,925 |
| Structure and Improvements | 352 | 6,281,701 | 0 | 6,281,701 | 0 | 6,281,701 |
| Station Equipment | 353 | 49,146,179 | 0 | 49,146,179 | 0 | 49,146,179 |
| Towers and Fixtures | 354 | 30,322 | 0 | 30,322 | 0 | 30,322 |
| Poles and Fixtures | 355 | 88,304,854 | 0 | 88,304,854 | 0 | 88,304,854 |
| Overhead Conductors, Devices | 356 | 33,358,162 | 0 | 33,358,162 | 0 | 33,358,162 |
| Underground Conduit | 357 | 1,000,661 | 0 | 1,000,661 | 0 | 1,000,661 |
| Underground Conductors, Devices | 358 | 11,185 | 0 | 11,185 | 0 | 11,185 |
| TOTAL TRANSMISSION | | 184,119,989 | 0 | 184,119,989 | 0 | 183,119,328 |
| DISTRIBUTION | | | | | | |
| Land and Land Rights | 360 | 0 | 0 | 0 | 0 | 0 |
| Structure and Improvements | 361 | 472,289 | 0 | 472,289 | 0 | 472,289 |
| Station Equipment | 362 | 12,072,400 | 0 | 12,072,400 | 0 | 12,072,400 |
| Poles and Fixtures | 364 | 18,008,817 | 0 | 18,008,817 | 0 | 18,008,817 |
| Overhead Conductors, Devices | 365 | 22,316,611 | 0 | 22,316,611 | 0 | 22,316,611 |
| Underground Conduit | 366 | 2,976,551 | 0 | 2,976,551 | 0 | 2,976,551 |
| Underground Conduit, Devices | 367 | 8,325,016 | 0 | 8,325,016 | 0 | 8,325,016 |
| Line Transformers | 368 | 3,725,212 | 0 | 3,725,212 | 0 | 3,725,212 |
| Services | 369 | 398,837 | 0 | 398,837 | 0 | 398,837 |
| Meters | 370 | 13,134 | 0 | 13,134 | 0 | 13,134 |
| Installs on Customers Premises | 371 | 313,333 | 0 | 313,333 | 0 | 313,333 |
| Street Lighting Signal system | 373 | 660,560 | 0 | 660,560 | 0 | 660,560 |
| TOTAL DISTRIBUTION | | 69,282,760 | 0 | 69,282,760 | 0 | 69,282,760 |
| GENERAL | | | | | | |
| Land and Land Rights | 389 | 79,920 | 0 | 79,920 | 0 | 79,920 |
| Structure and Improvements | 390 | 1,057,208 | 0 | 1,057,208 | 0 | 1,057,208 |
| Office Furniture, Equipment | 391 | 42,731 | 0 | 42,731 | 0 | 42,731 |
| Transportation Equipment | 392 | 0 | 0 | 0 | 0 | 0 |
| Stores Equipment | 393 | 50,783 | 0 | 50,783 | 0 | 50,783 |
| Tools, Shop, Garage Equipment | 394 | 1,298,258 | 0 | 1,298,258 | 0 | 1,298,258 |
| Laboratory Equipment | 395 | 0 | 0 | 0 | 0 | 0 |
| Power Operated Equipment | 396 | 0 | 0 | 0 | 0 | 0 |
| Communication Equipment | 397 | 5,278,819 | 0 | 5,278,819 | 0 | 5,278,819 |
| Other Tangible Property | 399 | 9,150 | 0 | 9,150 | 0 | 9,150 |
| Miscellaneous Equipment | 398 | 45,749 | 0 | 45,749 | 0 | 45,749 |
| Total General | | 7,862,618 | 0 | 7,862,618 | 0 | 7,862,618 |
| Total Completed Plant not Classified | 106 | 319,647,156 | 0 | 319,647,156 | 0 | 319,647,156 |
| | | 0 | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 | 0 |
| Total Construction Work in Progress | 107 | 226,392,894 | (226,392,894) | 0 | 0 | 0 |
| Plant Acquisition Adjustment | 114 | 18,043,976 | (18,043,976) | 0 | 0 | 0 |
| Other Electric Plant Adjustment | 116 | 0 | 0 | 0 | (43,345) | (43,345) |
| Total | | 244,436,870 | (244,436,870) | 0 | (43,345) | (43,345) |
| Total Electric Plant in Service | | 9,964,300,997 | (322,116,987) # | 9,642,184,010 | (339,918,099) | 9,302,265,911 |

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415
COMPANY NAME Southwestern Electric Power Company
TEST YEAR END 31-Mar-20

Schedule IV
Depreciation, Amortization & Accretion Expense
Page 1 of 1

| | | Company Test Year Total | Company Adjustments To Test Year | Co Requested Test Year Total Electric | Staff Adj To Company Request | Staff Adjusted Total Electric |
|----------------------------------------------------|----------|-------------------------------|----------------------------------------|---------------------------------------------|------------------------------------|-------------------------------------|
| | | (a) | (b) | (c) | (d) | (e) = (c) + (d) |
| | Acct. No | | | | | |
| AMORTIZATION EXPENSE | | | | | | |
| Amortization Exp | 404 | 17,421,930 | 5,292,169 | 22,714,099 | (1,855,750) | 20,858,349 |
| Amortization - Tx Impairment | 406 | 0 | (1,209,820) | (1,209,820) | (1,306) | (1,211,126) |
| Amort Exp (Reg Debit) | 4073 | 860,876 | 2,288,902 | 3,149,778 | 3,310,118 | 6,459,896 |
| Amort Exp (Reg Credit) | 4074 | (286,585) | 216,585 | (72,000) | 0 | (72,000) |
| Total Amortization | | 17,994,221 | 6,587,836 | 24,582,057 | 1,453,062 | 26,035,119 |
| ACCRETION EXPENSE | | | | | | |
| | | | 0 | | 0 | |
| Accretion Expense | 4111 | 3,484,561 | 0 | 3,484,561 | 0 | 3,484,561 |
| | | | | | 0 | 0 |
| DEPRECIATION EXPENSE | | | | | | |
| Production | 4030.1 | 118,198,563 | 9,527,448 | 127,726,011 | (10,525,816) | 117,200,195 |
| Transmission | 4030.2 | 49,421,354 | (1,471,744) | 47,949,610 | 0 | 47,949,610 |
| Distribution | 4030.3 | 61,585,051 | 2,617,350 | 64,202,401 | 0 | 64,202,401 |
| General | 4030.4 | 7,111,545 | (340,761) | 6,770,784 | 0 | 6,770,784 |
| Total Depreciation Expense | | 236,316,513 | 10,332,293 | 246,648,806 | (10,525,816) | 236,122,990 |
| TOTAL DEPRECIATION, ACCRETION & AMT EXP | | 257,795,295 | 16,920,129 | 274,715,424 | (9,072,754) | 265,642,670 |
| Loss on Disposition Util Prop | 411 | 653,208 | 0 | 653,208 | (489,906) | 163,302 |
| | | \$ 258,448,503 | \$ 16,920,129 | \$ 275,368,632 | \$ (9,562,660) | \$ 265,805,972 |

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SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415
COMPANY NAME Southwestern Electric Power Company
TEST YEAR END 31-Mar-20

Schedule V
Taxes Other Than FIT
Page 1 of 1

| | Company Test Year Total | Company Adjustments To Test Year | Co Requested Test Year Total Electric | Staff Adj To Company Request | Staff Adjusted Total Electric |
|--------------------------------------------|-------------------------------|----------------------------------------|---------------------------------------------|------------------------------------|-------------------------------------|
| | (a) | (b) | (c) | (d) | (e) = (c) + (d) |
| TAXES OTHER THAN FIT | | | | | |
| Non Revenue Related | | | | | |
| Ad Valorem Taxes-Texas | 19,752,787 | 1,626,874 | 21,379,661 | (4,041,090) | 17,338,571 |
| Ad Valorem Taxes-Other States | 42,662,719 | 3,422,126 | 46,084,845 | 0 | 46,084,845 |
| | 62,415,506 | 5,049,000 | 67,464,506 | (4,041,090) | 63,423,416 |
| Total Property | | | | | |
| Payroll Taxes | | | | | |
| FICA | 6,971,664 | 45,867 | 7,017,531 | (258,162) | 6,759,369 |
| FUTA | 40,193 | 0 | 40,193 | 0 | 40,193 |
| SUTA | 40,777 | 0 | 40,777 | 0 | 40,777 |
| | 7,052,634 | 45,867 | 7,098,501 | (258,162) | 6,840,339 |
| Total Payroll | | | | | |
| Franchise Taxes | 408 33 | 0 | 0 | 0 | 0 |
| Texas | 4,393,405 | (4,393,405) | 0 | 0 | 0 |
| Other States | 4,393,405 | (4,393,405) | 0 | 0 | 0 |
| Other Sales and Use Tax | 39,720 | (39,720) | 0 | 0 | 0 |
| Other | 85,990 | (84,295) | 1,695 | 0 | 1,695 |
| | 125,710 | (124,015) | 1,695 | 0 | 1,695 |
| TOTAL NON Total Other | 73,987,255 | 577,447 | 74,564,702 | (4,299,252) | 70,265,450 |
| Revenue Related | | | | | |
| State Gross Receipts - Texas | 6,215,215 | 2,611,417 | 8,826,632 | (1,289,504) | 7,537,128 |
| State Gross Receipts - Other | 8 | 0 | 8 | 0 | 8 |
| Local Gross Receipts - Texas | 9,357,340 | (3,655,877) | 5,701,463 | (830,022) | 4,871,441 |
| Local Gross Receipts - Other | 8,327,064 | 0 | 8,327,064 | 0 | 8,327,064 |
| PUC Assessment - Texas | 989,177 | 415,618 | 1,404,795 | (205,230) | 1,199,565 |
| PUC Assessment - Other | 1,188,520 | 0 | 1,188,520 | 0 | 1,188,520 |
| State Gross Margins - Texas | 462,753 | (184,408) | 278,345 | (389,937) | (111,592) |
| | | | | | |
| TOTAL REVENUE RELATED TAXES | 26,540,077 | (813,250) | 25,726,827 | (2,714,693) | 23,012,134 |
| TOTAL TAXES OTHER THAN INCOME TAXES | 100,527,332 | (235,803) | 100,291,529 | (7,013,945) | 93,277,584 |

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415
COMPANY NAME Southwestern Electric Power Company
TEST YEAR END 31-Mar-20

Schedule VI
Federal Income Taxes
Page 1 of 1

FEDERAL INCOME TAXES - METHOD 1

| | Co Requested Test Year Total Electric | Staff Adj To Company Request | Staff Adjusted Total Electric |
|---------------------------------------|---------------------------------------------|------------------------------------|-------------------------------------|
| | (c) | (d) | (e) = (c) + (d) |
| Return | 389,318,076 | (66,328,294) | 322,989,782 |
| Less: | | | |
| Synchronized Interest | 113,936,864 | (13,158,904) | 100,777,960 |
| DITC Amortization | 1,458,080 | 0 | 1,458,080 |
| Amortization of Protected Excess DFIT | 3,719,670 | 4,664,032 | 8,383,702 |
| Preferred Dividend Exclusion | 0 | 0 | 0 |
| Medicare Subsidy | 0 | 0 | 0 |
| AFUDC | 0 | 0 | 0 |
| Restricted Stock Plan - Tax Deduction | 73,596 | 0 | 73,596 |
| Prior Year T/R Adjustment | 0 | 0 | 0 |
| Accelerated Book Depletion | 16,602,098 | 0 | 16,602,098 |
| | 0 | 0 | 0 |
| TOTAL | 135,790,308 | (8,494,872) | 127,295,436 |
| Plus: | | | |
| AFUDC | 0 | 0 | 0 |
| Business Meals not Deductible | 542,023 | 0 | 542,023 |
| Additional Depreciation | 10,069,545 | 0 | 10,069,545 |
| Stock based Compensation | 1,538,774 | 0 | 1,538,774 |
| AFUDC-BIP Amortization | 0 | 0 | 0 |
| FAS 106 (Medicare Reimbursement) | 0 | 0 | 0 |
| Business Meals Not Deductible | 0 | 0 | 0 |
| TOTAL | 12,150,342 | 0 | 12,150,342 |
| TAXABLE COMPONENT OF RETURN | 265,678,110 | (57,833,422) | 207,844,688 |
| TAX FACTOR (1/1- 21)(21) | 26.582278% | 26.582278% | 26.582278% |
| TOTAL FIT BEFORE ADJUSTMENTS | 70,623,295 | (15,373,441) | 55,249,854 |
| Adjustments: | | | |
| Amortization of DITC | (1,458,080) | 0 | (1,458,080) |
| Amortization of Excess DFIT | (3,719,670) | (4,664,032) | (8,383,702) |
| | 0 | 0 | 0 |
| Prior Year T/R Adjustment | 0 | 0 | 0 |
| | 0 | 0 | 0 |
| TOTAL | (5,177,750) | (4,664,032) | (9,841,782) |
| | 0 | 0 | 0 |
| TOTAL FEDERAL INCOME TAXES | 65,445,545 | (20,037,473) | 45,408,072 |

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Public Utility Commission of Texas
Docket No. 46449 SWEPCO
Test Year End: 03/31/2020
SUMMARY ADJUSTMENTS TO COMPANY TEST YEAR

OPERATIONS AND MAINTENANCE EXPENSE

| | | Acct. No | Summary Adjustments | Summary Adjust 1-10 | Summary Adjust 11-20 | Summary Adjust 21-30 | Summary Adjust 31-40 | Acct. No |
|----|--------------------------------------------|----------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|----------|
| | | | (a) | (b) | (c) | (d) | (e) | |
| | Operations & Maintenance | | | | | | | |
| 1 | Prod. Operation and Supr | 500 | \$ (1,790,311) | \$ (1,790,202) | \$ (109) | \$ - | \$ - | 500 |
| 2 | Fuel-Reconcilable | 501 | \$ (3,322,699) | \$ (3,322,699) | \$ - | \$ - | \$ - | 501 |
| 3 | Fuel-Non Reconcilable | 501 | \$ - | \$ - | \$ - | \$ - | \$ - | 501 |
| 4 | Steam Expenses | 502 | \$ (1,329,173) | \$ (1,329,173) | \$ - | \$ - | \$ - | 502 |
| 5 | Electric Expenses | 505 | \$ (439,351) | \$ (439,351) | \$ - | \$ - | \$ - | 505 |
| 6 | Misc Steam Power Expenses | 506 | \$ (3,822,065) | \$ (3,822,065) | \$ - | \$ - | \$ - | 506 |
| 7 | Rents | 507 | \$ (634) | \$ (634) | \$ - | \$ - | \$ - | 507 |
| 8 | Allowance Expense | 509 | \$ - | \$ - | \$ - | \$ - | \$ - | 509 |
| 9 | Maintenance Supv and Eng | 510 | \$ (398,292) | \$ (398,292) | \$ - | \$ - | \$ - | 510 |
| 10 | Maintenance of structures | 511 | \$ (237,043) | \$ (237,043) | \$ - | \$ - | \$ - | 511 |
| 11 | Maintenance of boiler plant | 512 | \$ (3,987,369) | \$ (3,987,369) | \$ - | \$ - | \$ - | 512 |
| 12 | Maintenance of electric plant | 513 | \$ (187,823) | \$ (187,823) | \$ - | \$ - | \$ - | 513 |
| 13 | Maintenance of misc steam plant | 514 | \$ (1,097,601) | \$ (1,097,601) | \$ - | \$ - | \$ - | 514 |
| 14 | Operation supervision and engineering | 517 | \$ - | \$ - | \$ - | \$ - | \$ - | 517 |
| | | 528 | \$ (468) | \$ (468) | \$ - | \$ - | \$ - | 528 |
| | | 529 | \$ (26) | \$ (26) | \$ - | \$ - | \$ - | 529 |
| | | 531 | \$ (1) | \$ (1) | \$ - | \$ - | \$ - | 531 |
| | | 535 | \$ (376) | \$ (376) | \$ - | \$ - | \$ - | 535 |
| | | 537 | \$ (37) | \$ (37) | \$ - | \$ - | \$ - | 537 |
| | | 539 | \$ (379) | \$ (379) | \$ - | \$ - | \$ - | 539 |
| 15 | Maintenance Supv and Eng | 541 | \$ - | \$ - | \$ - | \$ - | \$ - | 541 |
| | | 542 | \$ 1 | \$ 1 | \$ - | \$ - | \$ - | 542 |
| | | 544 | \$ 5 | \$ 5 | \$ - | \$ - | \$ - | 544 |
| | | 545 | \$ (94) | \$ (94) | \$ - | \$ - | \$ - | 545 |
| 16 | Operation Supv and Eng | 546 | \$ - | \$ - | \$ - | \$ - | \$ - | 546 |
| 17 | Operation Fuel | 547 | \$ - | \$ - | \$ - | \$ - | \$ - | 547 |
| 18 | Operation Generation Exp | 548 | \$ 1,295 | \$ 1,295 | \$ - | \$ - | \$ - | 548 |
| 19 | Misc. Other Power Gen Exp | 549 | \$ (3) | \$ (3) | \$ - | \$ - | \$ - | 549 |
| 20 | Operation Rents | 550 | \$ - | \$ - | \$ - | \$ - | \$ - | 550 |
| 21 | Maintenance Supv and Eng | 551 | \$ - | \$ - | \$ - | \$ - | \$ - | 551 |
| 22 | Maintenance of structures | 552 | \$ 6 | \$ 6 | \$ - | \$ - | \$ - | 552 |
| 23 | Maintenance of generating and ele | 553 | \$ 1,103 | \$ 1,103 | \$ - | \$ - | \$ - | 553 |
| 24 | Maint of Misc Other power gen plant | 554 | \$ - | \$ - | \$ - | \$ - | \$ - | 554 |
| 25 | Purchased Power | 555 | \$ - | \$ - | \$ - | \$ - | \$ - | 555 |
| 26 | System Control & Load Dispatch | 556 | \$ (105,324) | \$ (105,324) | \$ - | \$ - | \$ - | 556 |
| 27 | System Control & Dispatch Other | 557 | \$ (240,451) | \$ (240,451) | \$ - | \$ - | \$ - | 557 |
| 28 | Transmission Ops Supr & Engr | 560 | \$ (618,624) | \$ (618,624) | \$ - | \$ - | \$ - | 560 |
| 29 | Transmission Load Dispatching -reliability | 5611 | \$ - | \$ - | \$ - | \$ - | \$ - | 5611 |
| 30 | Monitor and operate transmission-sys | 5612 | \$ (140,536) | \$ (140,536) | \$ - | \$ - | \$ - | 5612 |
| 31 | Trans service and scheduling | 5613 | \$ - | \$ - | \$ - | \$ - | \$ - | 5613 |
| 32 | Schedule system control and disatch ser | 5614 | \$ - | \$ - | \$ - | \$ - | \$ - | 5614 |
| 33 | Reliability planning and standards deve | 5615 | \$ (32,819) | \$ (32,819) | \$ - | \$ - | \$ - | 5615 |
| 34 | Reliability planning and standards deve s | 5618 | \$ - | \$ - | \$ - | \$ - | \$ - | 5618 |
| 35 | Transmission Station Equipment | 562 | \$ 862 | \$ 862 | \$ - | \$ - | \$ - | 562 |
| 36 | Trans OH Line Expense | 563 | \$ (1,482) | \$ (1,482) | \$ - | \$ - | \$ - | 563 |
| 37 | Underground Line Expenses | 564 | \$ - | \$ - | \$ - | \$ - | \$ - | 564 |
| 38 | Wheeling | 565 | \$ - | \$ - | \$ - | \$ - | \$ - | 565 |
| 39 | Misc. Transmission Expenses | 566 | \$ (119,996) | \$ (119,996) | \$ - | \$ - | \$ - | 566 |
| 40 | Rents | 567 | \$ (7) | \$ (7) | \$ - | \$ - | \$ - | 567 |
| 41 | SPP Admin - MAM&SC | 5757 | \$ - | \$ - | \$ - | \$ - | \$ - | 5757 |
| 42 | Maint. Supv. And Eng. | 568 | \$ (839) | \$ (839) | \$ - | \$ - | \$ - | 568 |
| 43 | Maint. Of Structures | 569 | \$ 25 | \$ 25 | \$ - | \$ - | \$ - | 569 |
| 44 | Maint. Of computer hardware | 5691 | \$ (1,517) | \$ (1,517) | \$ - | \$ - | \$ - | 5691 |
| 45 | Maint. Of computer software | 5692 | \$ (14,375) | \$ (14,375) | \$ - | \$ - | \$ - | 5692 |
| 46 | Maint. Of computer equip | 5693 | \$ - | \$ - | \$ - | \$ - | \$ - | 5693 |
| 47 | Transmission Maint Station Equip | 570 | \$ (12,225) | \$ (12,225) | \$ - | \$ - | \$ - | 570 |
| 48 | Transmission Maint OH Line Exp | 571 | \$ 176 | \$ 176 | \$ - | \$ - | \$ - | 571 |

Public Utility Commission of Texas
Docket No. 46449 SWEPCO
Test Year End: 03/31/2020
SUMMARY ADJUSTMENTS TO COMPANY TEST YEAR

OPERATIONS AND MAINTENANCE EXPENSE

| | | Summary Adjustments | Summary Adjust 1-10 | Summary Adjust 11-20 | Summary Adjust 21-30 | Summary Adjust 31-40 | |
|--------------------------|-------------------------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|----------|
| | Acct. No | (a) | (b) | (c) | (d) | (e) | Acct. No |
| 49 | Maint. Of Underground Lines | 572 | \$ - | \$ - | \$ - | \$ - | 572 |
| 50 | Maint. Of Misc. Transmission | 573 | \$ (104) | \$ (104) | \$ - | \$ - | 573 |
| 51 | Distribution Ops Supr & Engr | 580 | \$ (96,116) | \$ (96,116) | \$ - | \$ - | 580 |
| 52 | Distribution Load Dispatching | 581 | \$ - | \$ - | \$ - | \$ - | 581 |
| 53 | Distribution Station Expenses | 582 | \$ (11,867) | \$ (11,867) | \$ - | \$ - | 582 |
| 54 | Distribution OH Line Expenses | 583 | \$ (12,428) | \$ (12,428) | \$ - | \$ - | 583 |
| 55 | Underground Line Expenses | 584 | \$ 2,532 | \$ 2,532 | \$ - | \$ - | 584 |
| 56 | Street Lighting & Signal Sys | 585 | \$ 132 | \$ 132 | \$ - | \$ - | 585 |
| 57 | Meter Expenses | 586 | \$ (781) | \$ (781) | \$ - | \$ - | 586 |
| 58 | Customer Installations | 587 | \$ 1,572 | \$ 1,572 | \$ - | \$ - | 587 |
| 59 | Miscellaneous Distribution Exp | 588 | \$ (1,280) | \$ (1,280) | \$ - | \$ - | 588 |
| 60 | Rents | 589 | \$ (1,140) | \$ (1,140) | \$ - | \$ - | 589 |
| 61 | Distribution Maint Supr & Engr | 590 | \$ (49) | \$ (49) | \$ - | \$ - | 590 |
| 62 | Maint. Of Structures | 591 | \$ 46 | \$ 46 | \$ - | \$ - | 591 |
| 63 | Distribution Maint Station Equip | 592 | \$ (2,354) | \$ (2,354) | \$ - | \$ - | 592 |
| 64 | Distribution Maint OH lines | 593 | \$ 21,676 | \$ 21,676 | \$ - | \$ - | 593 |
| 65 | Underground Line Expenses | 594 | \$ 1,089 | \$ 1,089 | \$ - | \$ - | 594 |
| 66 | Dist Maint Line Trmf, Regulators | 595 | \$ 413 | \$ 413 | \$ - | \$ - | 595 |
| 67 | MaintStreet Light & Signal Sys | 596 | \$ 700 | \$ 700 | \$ - | \$ - | 596 |
| 68 | Maintenance of Meters | 597 | \$ 2,026 | \$ 2,026 | \$ - | \$ - | 597 |
| 69 | Maint of Misc Distr Plant | 598 | \$ 1,224 | \$ 1,224 | \$ - | \$ - | 598 |
| 70 | Supervision - Customer Accts | 901 | \$ (4,674) | \$ (3,617) | \$ (1,057) | \$ - | 901 |
| 71 | Meter Reading Exp | 902 | \$ (505) | \$ (505) | \$ - | \$ - | 902 |
| 72 | Customer Records & Collection | 903 | \$ (738,595) | \$ (738,595) | \$ - | \$ - | 903 |
| 73 | Customer Deposit Interest | 903.2 | \$ (1,041,156) | \$ (1,041,156) | \$ - | \$ - | 903.2 |
| 74 | Uncollectible Accounts | 904 | \$ - | \$ - | \$ - | \$ - | 904 |
| 75 | Miscellaneous | 905 | \$ (2,224) | \$ (2,224) | \$ - | \$ - | 905 |
| 76 | Factoring Expense | 426.5 | \$ - | \$ - | \$ - | \$ - | 426.5 |
| 77 | | | \$ - | \$ - | \$ - | \$ - | |
| 78 | Customer Service and Information | 906 | \$ - | \$ - | \$ - | \$ - | 906 |
| 79 | Supervision | 907 | \$ (3,871) | \$ (3,871) | \$ - | \$ - | 907 |
| 80 | Customer Assistance | 908 | \$ 5,034 | \$ 5,034 | \$ - | \$ - | 908 |
| 81 | Information & Instr Advertising | 909 | \$ 31,644 | \$ 31,644 | \$ - | \$ - | 909 |
| 82 | Misc. Cust. Service and Information | 910 | \$ (1,651) | \$ (1,651) | \$ - | \$ - | 910 |
| 83 | Sales Supervision | 911 | \$ - | \$ - | \$ - | \$ - | 911 |
| 84 | Demonstrating & Selling Exp | 912 | \$ (220) | \$ (220) | \$ - | \$ - | 912 |
| 85 | Advertising Expense | 913 | \$ - | \$ - | \$ - | \$ - | 913 |
| 86 | Misc. Sales Expense | 916 | \$ - | \$ - | \$ - | \$ - | 916 |
| 87 | Sales Expense | 917 | \$ - | \$ - | \$ - | \$ - | 917 |
| 88 | Total O&M Adjustment | | \$ (19,749,394) | \$ (19,748,228) | \$ (1,166) | \$ - | |
| Administrative & General | | | | | | | |
| 89 | Admin & General Salaries | 920 | \$ (2,021,665) | \$ (2,002,388) | \$ (19,277) | \$ - | 920 |
| 90 | Office Supplies & Exp | 921 | \$ (2,085) | \$ (2,085) | \$ - | \$ - | 921 |
| 91 | Admin Expenses Transferred | 922 | \$ (15,049) | \$ (15,049) | \$ - | \$ - | 922 |
| 92 | Outside Services | 923 | \$ (80) | \$ (80) | \$ - | \$ - | 923 |
| 93 | Property Insurance | 924 | \$ (442,574) | \$ (442,574) | \$ - | \$ - | 924 |
| 94 | Injuries & Damages | 925 | \$ (14) | \$ 15 | \$ (29) | \$ - | 925 |
| 95 | Employee Pensions & Benefits | 926 | \$ (533,498) | \$ (533,498) | \$ - | \$ - | 926 |
| 96 | Regulatory Commission Exp | 928 | \$ (175,658) | \$ (175,643) | \$ (15) | \$ - | 928 |
| 97 | Duplicate Charges | 929 | \$ - | \$ - | \$ - | \$ - | 929 |
| 98 | General Advertising Exp | 9301 | \$ (26) | \$ (26) | \$ - | \$ - | 9301 |
| 99 | Miscellaneous | 9302 | \$ (27,458) | \$ (27,350) | \$ (108) | \$ - | 9302 |
| 100 | Rents | 931 | \$ - | \$ - | \$ - | \$ - | 931 |
| 101 | Maint. Of General Plant | 935 | \$ (5,628) | \$ (5,628) | \$ - | \$ - | 935 |
| 103 | TOTAL Administrative & General Adjustment | | \$ (3,223,735) | \$ (3,204,306) | \$ (19,429) | \$ - | |
| 104 | TOTAL O & M EXPENSE Adjustment | | \$ (22,973,129) | \$ (22,952,534) | \$ (20,595) | \$ - | |

Public Utility Commission of Texas
Docket No. 46449 SWEPCO
Test Year End: 03/31/2020
ADJUSTMENTS TO COMPANY TEST YEAR

OPERATIONS AND MAINTENANCE EXPENSE

| CONFIDENTIAL ITEMS | | Sum Adjustment | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--------------------|----------|---------------------------------------------|----------------|-------------|--------------|------------|-------------------|--------------|-------------|---------|-----------------|----------------|
| | Acct. No | Topic | Payroll -SW | Payroll-AEP | Incen. SW | Incen. AEP | Affil. Carry Cost | Rate Case Ex | SERP SWEPCO | Pension | Int. Cust. Dep. | Dolet Hills |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) |
| | | | | | | | | | | | | |
| 1 | | Operations & Maintenance | | | | | | | | | | |
| | 500 | Prod. Operation and Supr | \$ (1,790,202) | \$ 38,576 | \$ (720,654) | \$ (4,885) | \$ (1,341) | \$ (101,385) | | | | \$ (1,000,513) |
| 2 | 501 | Fuel-Reconcilable | \$ (3,322,699) | \$ 371 | \$ (49,707) | \$ (77) | \$ (90) | \$ (6,612) | | | | \$ (3,266,584) |
| 3 | 501 | Fuel-Non Reconcilable | | | | | | | | | | |
| 4 | 502 | Steam Expenses | \$ (1,329,173) | \$ 50,169 | \$ (11,582) | \$ (9,184) | \$ (24) | \$ (708) | | | | \$ (1,357,844) |
| 5 | 505 | Electric Expenses | \$ (439,351) | \$ 52,072 | \$ (298) | \$ (7,858) | \$ - | \$ (33) | | | | \$ (483,234) |
| 6 | 506 | Misc Steam Power Expenses | \$ (3,822,065) | \$ 23,264 | \$ (47,094) | \$ 16,204 | \$ 768 | \$ (7,441) | | | | \$ (3,807,766) |
| 7 | 507 | Rents | \$ (634) | | | | | | | | | \$ (634) |
| 8 | 509 | Allowance Expense | | | | | | | | | | |
| 9 | 510 | Maintenance Supv and Eng | \$ (398,292) | \$ 28,738 | \$ (25,736) | \$ (3,945) | \$ (40) | \$ (3,060) | | | | \$ (394,249) |
| 10 | 511 | Maintenance of structures | \$ (237,043) | \$ 6,084 | \$ (41,242) | \$ (884) | \$ (59) | \$ (765) | | | | \$ (200,177) |
| 11 | 512 | Maintenance of boiler plant | \$ (3,987,369) | \$ 59,953 | \$ (88,896) | \$ (9,151) | \$ (213) | \$ (2,001) | | | | \$ (3,947,061) |
| 12 | 513 | Maintenance of electric plant | \$ (187,823) | \$ 12,789 | \$ (22,799) | \$ (2,352) | \$ (52) | \$ (651) | | | | \$ (174,758) |
| 13 | 514 | Maintenance of misc steam plant | \$ (1,097,801) | \$ 13,513 | \$ (8,396) | \$ (1,749) | \$ (10) | \$ (245) | | | | \$ (1,100,713) |
| 14 | 517 | Operation supervision and engineering | | | | | | | | | | |
| | 528 | | \$ (468) | | \$ (430) | | \$ (1) | \$ (37) | | | | |
| | 529 | | \$ (26) | | \$ (26) | | | | | | | |
| | 531 | | \$ (1) | | \$ (1) | | | | | | | |
| | 535 | | \$ (376) | | \$ (324) | | \$ (1) | \$ (51) | | | | |
| | 537 | | \$ (37) | | \$ (31) | | | \$ (6) | | | | |
| | 539 | | \$ (379) | | \$ (373) | | | \$ (6) | | | | |
| 15 | 541 | Maintenance Supv and Eng | | | | | | | | | | |
| | 542 | | \$ 1 | \$ 1 | | | | | | | | |
| | 544 | | \$ 5 | \$ 8 | | \$ (3) | | | | | | |
| | 545 | | \$ (94) | | \$ (64) | | \$ - | \$ (30) | | | | |
| 16 | 546 | Operation Supv and Eng | | | | | | | | | | |
| 17 | 547 | Operation Fuel | | | | | | | | | | |
| 18 | 548 | Operation Generation Exp | \$ 1,295 | \$ 1,509 | | \$ (217) | | | | | | \$ 3 |
| 19 | 549 | Misc. Other Power Gen Exp | \$ (3) | | | | | | | | | \$ (3) |
| 20 | 550 | Operation Rents | | | | | | | | | | |
| 21 | 551 | Maintenance Supv and Eng | | | | | \$ (1) | | | | | \$ 1 |
| 22 | 552 | Maintenance of structures | \$ 6 | \$ 7 | | \$ (1) | | | | | | |
| 23 | 553 | Maintenance of generating and ele | \$ 1,103 | \$ 2,287 | \$ (794) | \$ (323) | \$ (1) | \$ (73) | | | | \$ 7 |
| 24 | 554 | Maint of Misc Other power gen plant | | | | | | | | | | |
| 25 | 555 | Purchased Power | | | | | | | | | | |
| 26 | 556 | System Control & Load Dispatch | \$ (105,324) | | \$ (99,295) | | \$ (182) | \$ (5,847) | | | | |
| 27 | 557 | System Control & Dispatch Other | \$ (240,451) | | \$ (222,215) | | \$ (416) | \$ (17,820) | | | | |
| 28 | 560 | Transmission Ops Supr & Engr | \$ (618,624) | \$ 10,636 | \$ (423,274) | \$ (1,709) | \$ (640) | \$ (203,637) | | | | |
| 29 | 5611 | Transmission Load Dispatching -reliability | | | | | | | | | | |
| 30 | 5612 | Monitor and operate transmission-sys | \$ (140,536) | \$ 5 | \$ (66,507) | \$ (1) | \$ (96) | \$ (73,937) | | | | |
| 31 | 5613 | Trans service and scheduling | | | | | | | | | | |
| 32 | 5614 | Schedule system control and disatch ser | | | | | | | | | | |
| 33 | 5615 | Reliability planning and standards deve | \$ (32,819) | | \$ (15,744) | | \$ (23) | \$ (17,052) | | | | |
| 34 | 5618 | Reliability planning and standards deve ser | | | | | | | | | | |
| 35 | 562 | Transmission Station Equipment | \$ 862 | \$ 1,774 | \$ (456) | \$ (373) | \$ (1) | \$ (82) | | | | |
| 36 | 563 | Trans OH Line Expense | \$ (1,482) | \$ 149 | \$ (1,260) | \$ (14) | \$ (2) | \$ (355) | | | | |
| 37 | 564 | Underground Line Expenses | | | | | | | | | | |
| 38 | 565 | Wheeling | | | | | | | | | | |
| 39 | 566 | Misc. Transmission Expenses | \$ (119,996) | \$ 2,166 | \$ (94,452) | \$ 3,582 | \$ (140) | \$ (31,152) | | | | |
| 40 | 567 | Rents | \$ (7) | | \$ (9) | | \$ 1 | \$ 2 | | | | |
| 41 | 5757 | SPP Admin - MAM&SC | | | | | | | | | | |
| 42 | 568 | Maint. Supv. And Eng. | \$ (839) | \$ 24 | \$ (641) | \$ (2) | \$ (1) | \$ (219) | | | | |
| 43 | 569 | Maint. Of Structures | \$ 25 | \$ 35 | \$ (3) | \$ (4) | | \$ (3) | | | | |
| 44 | 5691 | Maint. Of computer hardware | \$ (1,517) | | \$ (621) | | \$ (1) | \$ (896) | | | | |
| 45 | 5692 | Maint. Of computer software | \$ (14,375) | | \$ (9,777) | | \$ (14) | \$ (4,584) | | | | |
| 46 | 5693 | Maint. Of computer equip | | | | | | | | | | |
| 47 | 570 | Transmission Maint Station Equip | \$ (12,225) | \$ 7,414 | \$ (13,721) | \$ (1,135) | \$ (21) | \$ (4,762) | | | | |
| 48 | 571 | Transmission Maint OH Line Exp | \$ 176 | \$ 2,672 | \$ (1,466) | \$ (440) | \$ (3) | \$ (587) | | | | |

Public Utility Commission of Texas
Docket No. 46449 SWEPCO
Test Year End: 03/31/2020
ADJUSTMENTS TO COMPANY TEST YEAR

OPERATIONS AND MAINTENANCE EXPENSE

| CONFIDENTIAL ITEMS | | Sum Adjustment | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | | | | | | | | | |
|--------------------|-------------------------------------|----------------|-------------|--------------|------------|-------------------|--------------|-------------|---------|-----------------|-------------|-------------|-------|-----------|------|----------|-----|---|----|-------------|----|--------------|
| | Topic | Payroll -SW | Payroll-AEP | Incen. SW | Incen. AEP | Affil. Carry Cost | Rate Case Ex | SERP SWEP | Pension | Int. Cust. Dep. | Dolet Hills | | | | | | | | | | | |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | Acct. No | | | | | | | | | | |
| 49 | Maint. Of Underground Lines | 572 | \$ | | | | | | | | | 572 | | | | | | | | | | |
| 50 | Maint. Of Misc. Transmission | 573 | \$ | (104) | \$ | (82) | \$ | (22) | | | | 573 | | | | | | | | | | |
| 51 | Distribution Ops Supr & Engr | 580 | \$ | (96,116) | \$ | 4,793 | \$ | (76,204) | \$ | (1,061) | \$ | (149) | \$ | (23,495) | 580 | | | | | | | |
| 52 | Distribution Load Dispatching | 581 | \$ | | | | | | | | | 581 | | | | | | | | | | |
| 53 | Distribution Station Expenses | 582 | \$ | (11,867) | \$ | 2,238 | \$ | (4,802) | \$ | (328) | \$ | (7) | \$ | (8,968) | 582 | | | | | | | |
| 54 | Distribution OH Line Expenses | 583 | \$ | (12,428) | \$ | (10,144) | \$ | (26) | \$ | (2,252) | \$ | | \$ | (6) | 583 | | | | | | | |
| 55 | Underground Line Expenses | 584 | \$ | 2,532 | \$ | 4,522 | \$ | (890) | \$ | (791) | \$ | (2) | \$ | (307) | 584 | | | | | | | |
| 56 | Street Lighting & Signal Sys | 585 | \$ | 132 | \$ | 189 | \$ | (57) | | | | | 585 | | | | | | | | | |
| 57 | Meter Expenses | 586 | \$ | (781) | \$ | 18,786 | \$ | (12,545) | \$ | (4,449) | \$ | (18) | \$ | (2,555) | 586 | | | | | | | |
| 58 | Customer Installations | 587 | \$ | 1,572 | \$ | 1,916 | \$ | (344) | | | | | 587 | | | | | | | | | |
| 59 | Miscellaneous Distribution Exp | 588 | \$ | (1,280) | \$ | 68,063 | \$ | (72,249) | \$ | 20,504 | \$ | 256 | \$ | (17,854) | 588 | | | | | | | |
| 60 | Rents | 589 | \$ | (1,140) | | | | | \$ | (1,140) | | | 589 | | | | | | | | | |
| 61 | Distribution Maint Supr & Engr | 590 | \$ | (49) | \$ | 894 | \$ | (557) | \$ | (197) | \$ | (1) | \$ | (188) | 590 | | | | | | | |
| 62 | Maint. Of Structures | 591 | \$ | 46 | \$ | 51 | \$ | (5) | | | | | 591 | | | | | | | | | |
| 63 | Distribution Maint Station Equip | 592 | \$ | (2,354) | \$ | 4,950 | \$ | (5,858) | \$ | (630) | \$ | (9) | \$ | (807) | 592 | | | | | | | |
| 64 | Distribution Maint OH lines | 593 | \$ | 21,676 | \$ | 41,554 | \$ | (3,124) | \$ | (15,282) | \$ | (6) | \$ | (1,466) | 593 | | | | | | | |
| 65 | Underground Line Expenses | 594 | \$ | 1,089 | \$ | 1,351 | \$ | (262) | | | | | 594 | | | | | | | | | |
| 66 | Dist Maint Line Trmf, Regulators | 595 | \$ | 413 | \$ | 533 | \$ | (120) | | | | | 595 | | | | | | | | | |
| 67 | MaintStreet Light & Signal Sys | 596 | \$ | 700 | \$ | 978 | \$ | (278) | | | | | 596 | | | | | | | | | |
| 68 | Maintenance of Meters | 597 | \$ | 2,026 | \$ | 2,514 | \$ | (23) | \$ | (462) | \$ | | \$ | (3) | 597 | | | | | | | |
| 69 | Maint of Misc Distr Plant | 598 | \$ | 1,224 | \$ | 1,488 | \$ | (264) | | | | | 598 | | | | | | | | | |
| 70 | Supervision - Customer Accts | 901 | \$ | (3,617) | \$ | 3,384 | \$ | (5,381) | \$ | (830) | \$ | (6) | \$ | (784) | 901 | | | | | | | |
| 71 | Meter Reading Exp | 902 | \$ | (505) | \$ | 12,738 | \$ | (9,553) | \$ | (2,349) | \$ | (11) | \$ | (1,330) | 902 | | | | | | | |
| 72 | Customer Records & Collection | 903 | \$ | (738,595) | \$ | 17,841 | \$ | (630,918) | \$ | (3,548) | \$ | (790) | \$ | (121,180) | 903 | | | | | | | |
| 73 | Customer Deposit Interest | 903.2 | \$ | (1,041,156) | | | | | | | \$ | (1,041,156) | | 903.2 | | | | | | | | |
| 74 | Uncollectible Accounts | 904 | \$ | | | | | | | | | | 904 | | | | | | | | | |
| 75 | Miscellaneous | 905 | \$ | (2,224) | \$ | (1,972) | \$ | (2) | \$ | (250) | | | 905 | | | | | | | | | |
| 76 | Factoring Expense | 426.5 | \$ | | | | | | | | | | 426.5 | | | | | | | | | |
| 77 | | | \$ | | | | | | | | | | | | | | | | | | | |
| 78 | Customer Service and Information | 906 | \$ | | | | | | | | | | 906 | | | | | | | | | |
| 79 | Supervision | 907 | \$ | (3,871) | \$ | 7,139 | \$ | (8,450) | \$ | (1,456) | \$ | (10) | \$ | (1,094) | 907 | | | | | | | |
| 80 | Customer Assistance | 908 | \$ | 5,034 | \$ | 13,800 | \$ | (5,199) | \$ | (3,069) | \$ | (6) | \$ | (492) | 908 | | | | | | | |
| 81 | Information & Instr Advertising | 909 | \$ | 31,644 | \$ | 31,644 | | | | | | | 909 | | | | | | | | | |
| 82 | Misc. Cust. Service and Information | 910 | \$ | (1,651) | \$ | (965) | \$ | (2) | \$ | (684) | | | 910 | | | | | | | | | |
| 83 | Sales Supervision | 911 | \$ | | | | | | | | | | 911 | | | | | | | | | |
| 84 | Demonstrating & Selling Exp | 912 | \$ | (220) | \$ | (200) | \$ | | \$ | (20) | | | 912 | | | | | | | | | |
| 85 | Advertising Expense | 913 | \$ | | | | | | | | | | 913 | | | | | | | | | |
| 86 | Misc. Sales Expense | 916 | \$ | | | | | | | | | | 916 | | | | | | | | | |
| 87 | Sales Expense | 917 | \$ | | | | | | | | | | 917 | | | | | | | | | |
| 88 | Total O&M Adjustment | | \$ | (19,748,228) | \$ | 545,438 | \$ | (2,806,886) | \$ | (42,051) | \$ | (3,367) | \$ | (666,681) | \$ | - | \$ | - | \$ | (1,041,156) | \$ | (15,733,525) |
| | Administrative & General | | | | | | | | | | | | | | | | | | | | | |
| 89 | Admin & General Salaries | 920 | \$ | (2,002,388) | \$ | (1,529,202) | \$ | (6,790) | \$ | (2,531) | \$ | (463,865) | | 920 | | | | | | | | |
| 90 | Office Supplies & Exp | 921 | \$ | (2,085) | \$ | (54) | \$ | (1) | \$ | (2,030) | | | 921 | | | | | | | | | |
| 91 | Admin Expenses Transferred | 922 | \$ | (15,049) | \$ | (15,049) | | | | | | | 922 | | | | | | | | | |
| 92 | Outside Services | 923 | \$ | (80) | \$ | (70) | \$ | 22 | \$ | (32) | | | 923 | | | | | | | | | |
| 93 | Property Insurance | 924 | \$ | (442,574) | | | | | | | \$ | (442,574) | 924 | | | | | | | | | |
| 94 | Injuries & Damages | 925 | \$ | 15 | \$ | 1,487 | \$ | (994) | \$ | (352) | \$ | (2) | \$ | (124) | 925 | | | | | | | |
| 95 | Employee Pensions & Benefits | 926 | \$ | (533,498) | \$ | (1,638) | \$ | (2) | \$ | (330) | \$ | (93,181) | \$ | (438,347) | 926 | | | | | | | |
| 96 | Regulatory Commission Exp | 928 | \$ | (175,643) | \$ | 15 | \$ | (115,937) | \$ | (3) | \$ | (210) | \$ | (13,202) | \$ | (46,306) | 928 | | | | | |
| 97 | Duplicate Charges | 929 | \$ | | | | | | | | | | 929 | | | | | | | | | |
| 98 | General Advertising Exp | 9301 | \$ | (26) | \$ | (24) | \$ | | \$ | (2) | | | 9301 | | | | | | | | | |
| 99 | Miscellaneous | 9302 | \$ | (27,350) | \$ | 806 | \$ | (12,855) | \$ | (176) | \$ | (20) | \$ | (15,105) | 9302 | | | | | | | |
| 100 | Rents | 931 | \$ | | | | | | | | | | 931 | | | | | | | | | |

Public Utility Commission of Texas
Docket No. 46449 SWEP
Test Year End: 03/31/2020
ADJUSTMENTS TO COMPANY TEST YEAR

OPERATIONS AND MAINTENANCE EXPENSE

| | | Sum Adjustment | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
|--------------------|-------------------------------------------|----------------|-----------------|-------------|----------------|-------------|-------------------|----------------|-------------|-------------|-----------------|----------------|-----------------|
| CONFIDENTIAL ITEMS | | Topic | Payroll -SW | Payroll-AEP | Incent. SW | Incent. AEP | Affil. Carry Cost | Rate Case Ex | SERP SWEP | Pension | Int. Cust. Dep. | Dolet Hills | Acct. No |
| | Acct. No | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | |
| 101 | Maint. Of General Plant | 935 | \$ (5,628) | \$ 11,634 | \$ (12,847) | \$ (1,339) | \$ (20) | \$ (3,056) | | | | | 935 |
| 103 | TOTAL Administrative & General Adjustment | | \$ (3,204,306) | \$ (1,107) | \$ (1,673,621) | \$ (8,660) | \$ (2,764) | \$ (497,746) | \$ (46,306) | \$ (93,181) | \$ (438,347) | \$ (442,574) | |
| 104 | TOTAL O & M EXPENSE Adjustment | | \$ (22,952,534) | \$ 544,331 | \$ (4,480,507) | \$ (50,711) | \$ (6,131) | \$ (1,164,427) | \$ (46,306) | \$ (93,181) | \$ (438,347) | \$ (1,041,156) | \$ (16,176,099) |

Public Utility Commission of Texas
Docket No. 46449 SWECO
Test Year End: 03/31/2020
ADJUSTMENTS TO COMPANY TEST YEAR

OPERATIONS AND MAINTENANCE EXPENSE

| | | Sum Adjustment | | | | | | | | | | | | | |
|--------------------------|--------------------------------------------|----------------|-----|-------|-----|-------|-----|-----|-----|-----|-----|-----|-----|----------|------|
| | | Topic | | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | | |
| | | Acct. No | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | Acct. No | |
| Operations & Maintenance | | | | | | | | | | | | | | | |
| 1 | Prod. Operation and Supr | 500 | \$ | (109) | \$ | (109) | | | | | | | | | 500 |
| 2 | Fuel-Reconcilable | 501 | \$ | - | | | | | | | | | | | 501 |
| 3 | Fuel-Non Reconcilable | 501 | \$ | - | | | | | | | | | | | 501 |
| 4 | Steam Expenses | 502 | \$ | - | | | | | | | | | | | 502 |
| 5 | Electric Expenses | 505 | \$ | - | | | | | | | | | | | 505 |
| 6 | Misc Steam Power Expenses | 506 | \$ | - | | | | | | | | | | | 506 |
| 7 | Rents | 507 | \$ | - | | | | | | | | | | | 507 |
| 8 | Allowance Expense | 509 | \$ | - | | | | | | | | | | | 509 |
| 9 | Maintenance Supv and Eng | 510 | \$ | - | | | | | | | | | | | 510 |
| 10 | Maintenance of structures | 511 | \$ | - | | | | | | | | | | | 511 |
| 11 | Maintenance of boiler plant | 512 | \$ | - | | | | | | | | | | | 512 |
| 12 | Maintenance of electric plant | 513 | \$ | - | | | | | | | | | | | 513 |
| 13 | Maintenance of misc steam plant | 514 | \$ | - | | | | | | | | | | | 514 |
| 14 | Operation supervision and engineering | 517 | \$ | - | | | | | | | | | | | 517 |
| | | 528 | \$ | - | | | | | | | | | | | 528 |
| | | 529 | \$ | - | | | | | | | | | | | 529 |
| | | 531 | \$ | - | | | | | | | | | | | 531 |
| | | 535 | \$ | - | | | | | | | | | | | 535 |
| | | 537 | \$ | - | | | | | | | | | | | 537 |
| | | 539 | \$ | - | | | | | | | | | | | 539 |
| 15 | Maintenance Supv and Eng | 541 | \$ | - | | | | | | | | | | | 541 |
| | | 542 | \$ | - | | | | | | | | | | | 542 |
| | | 544 | \$ | - | | | | | | | | | | | 544 |
| | | 545 | \$ | - | | | | | | | | | | | 545 |
| 16 | Operation Supv and Eng | 546 | \$ | - | | | | | | | | | | | 546 |
| 17 | Operation Fuel | 547 | \$ | - | | | | | | | | | | | 547 |
| 18 | Operation Generation Exp | 548 | \$ | - | | | | | | | | | | | 548 |
| 19 | Misc. Other Power Gen Exp | 549 | \$ | - | | | | | | | | | | | 549 |
| 20 | Operation Rents | 550 | \$ | - | | | | | | | | | | | 550 |
| 21 | Maintenance Supv and Eng | 551 | \$ | - | | | | | | | | | | | 551 |
| 22 | Maintenance of structures | 552 | \$ | - | | | | | | | | | | | 552 |
| 23 | Maintenance of generating and ele | 553 | \$ | - | | | | | | | | | | | 553 |
| 24 | Maint of Misc Other power gen plant | 554 | \$ | - | | | | | | | | | | | 554 |
| 25 | Purchased Power | 555 | \$ | - | | | | | | | | | | | 555 |
| 26 | System Control & Load Dispatch | 556 | \$ | - | | | | | | | | | | | 556 |
| 27 | System Control & Dispatch Other | 557 | \$ | - | | | | | | | | | | | 557 |
| 28 | Transmission Ops Supr & Engr | 560 | \$ | - | | | | | | | | | | | 560 |
| 29 | Transmission Load Dispatching -reliability | 5611 | \$ | - | | | | | | | | | | | 5611 |
| 30 | Monitor and operate transmission-sys | 5612 | \$ | - | | | | | | | | | | | 5612 |
| 31 | Trans service and scheduling | 5613 | \$ | - | | | | | | | | | | | 5613 |
| 32 | Schedule system control and dispatch ser | 5614 | \$ | - | | | | | | | | | | | 5614 |
| 33 | Reliability planning and standards deve | 5615 | \$ | - | | | | | | | | | | | 5615 |
| 34 | Reliability planning and standards deve s | 5618 | \$ | - | | | | | | | | | | | 5618 |
| 35 | Transmission Station Equipment | 562 | \$ | - | | | | | | | | | | | 562 |
| 36 | Trans OH Line Expense | 563 | \$ | - | | | | | | | | | | | 563 |
| 37 | Underground Line Expenses | 564 | \$ | - | | | | | | | | | | | 564 |
| 38 | Wheeling | 565 | \$ | - | | | | | | | | | | | 565 |
| 39 | Misc. Transmission Expenses | 566 | \$ | - | | | | | | | | | | | 566 |
| 40 | Rents | 567 | \$ | - | | | | | | | | | | | 567 |
| 41 | SPP Admin - MAM&SC | 5757 | \$ | - | | | | | | | | | | | 5757 |
| 42 | Maint. Supv. And Eng. | 568 | \$ | - | | | | | | | | | | | 568 |
| 43 | Maint. Of Structures | 569 | \$ | - | | | | | | | | | | | 569 |
| 44 | Maint. Of computer hardware | 5691 | \$ | - | | | | | | | | | | | 5691 |
| 45 | Maint. Of computer software | 5692 | \$ | - | | | | | | | | | | | 5692 |
| 46 | Maint. Of computer equip | 5693 | \$ | - | | | | | | | | | | | 5693 |
| 47 | Transmission Maint Station Equip | 570 | \$ | - | | | | | | | | | | | 570 |
| 48 | Transmission Maint OH Line Exp | 571 | \$ | - | | | | | | | | | | | 571 |
| 49 | Maint. Of Underground Lines | 572 | \$ | - | | | | | | | | | | | 572 |
| 50 | Maint. Of Misc. Transmission | 573 | \$ | - | | | | | | | | | | | 573 |
| 51 | Distribution Ops Supr & Engr | 580 | \$ | - | | | | | | | | | | | 580 |
| 52 | Distribution Load Dispatching | 581 | \$ | - | | | | | | | | | | | 581 |
| 53 | Distribution Station Expenses | 582 | \$ | - | | | | | | | | | | | 582 |

Public Utility Commission of Texas
Docket No. 46449 SWEPCO
Test Year End: 03/31/2020
ADJUSTMENTS TO COMPANY TEST YEAR

OPERATIONS AND MAINTENANCE EXPENSE

| | | Sum Adjustment | | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | | |
|----------|-------------------------------------------|----------------|---------------|---------------|----------------|------|------|------|------|------|------|------|----------|--|--|
| | | Topic | Ex. Per. SWEP | EX. Per. AEP. | Retired Plants | | | | | | | | | | |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | | | |
| Acct. No | | | | | | | | | | | | | Acct. No | | |
| 54 | Distribution OH Line Expenses | 583 | \$ - | | | | | | | | | | 583 | | |
| 55 | Underground Line Expenses | 584 | \$ - | | | | | | | | | | 584 | | |
| 56 | Street Lighting & Signal Sys | 585 | \$ - | | | | | | | | | | 585 | | |
| 57 | Meter Expenses | 586 | \$ - | | | | | | | | | | 586 | | |
| 58 | Customer Installations | 587 | \$ - | | | | | | | | | | 587 | | |
| 59 | Miscellaneous Distribution Exp | 588 | \$ - | | | | | | | | | | 588 | | |
| 60 | Rents | 589 | \$ - | | | | | | | | | | 589 | | |
| 61 | Distribution Maint Supr & Engr | 590 | \$ - | | | | | | | | | | 590 | | |
| 62 | Maint. Of Structures | 591 | \$ - | | | | | | | | | | 591 | | |
| 63 | Distribution Maint Station Equip | 592 | \$ - | | | | | | | | | | 592 | | |
| 64 | Distribution Maint OH lines | 593 | \$ - | | | | | | | | | | 593 | | |
| 65 | Underground Line Expenses | 594 | \$ - | | | | | | | | | | 594 | | |
| 66 | Dist Maint Line Trmf, Regulators | 595 | \$ - | | | | | | | | | | 595 | | |
| 67 | Maint Street Light & Signal Sys | 596 | \$ - | | | | | | | | | | 596 | | |
| 68 | Maintenance of Meters | 597 | \$ - | | | | | | | | | | 597 | | |
| 69 | Maint of Misc Distr Plant | 598 | \$ - | | | | | | | | | | 598 | | |
| 70 | Supervision - Customer Accts | 901 | \$ (1,057) | \$ (1,057) | | | | | | | | | 901 | | |
| 71 | Meter Reading Exp | 902 | \$ - | | | | | | | | | | 902 | | |
| 72 | Customer Records & Collection | 903 | \$ - | | | | | | | | | | 903 | | |
| 73 | Customer Deposit Interest | 903.2 | \$ - | | | | | | | | | | 903.2 | | |
| 74 | Uncollectible Accounts | 904 | \$ - | | | | | | | | | | 904 | | |
| 75 | Miscellaneous | 905 | \$ - | | | | | | | | | | 905 | | |
| 76 | Factoring Expense | 426.5 | \$ - | | | | | | | | | | 426.5 | | |
| 77 | | | \$ - | | | | | | | | | | | | |
| 78 | Customer Service and Information | 906 | \$ - | | | | | | | | | | 906 | | |
| 79 | Supervision | 907 | \$ - | | | | | | | | | | 907 | | |
| 80 | Customer Assistance | 908 | \$ - | | | | | | | | | | 908 | | |
| 81 | Information & Instr Advertising | 909 | \$ - | | | | | | | | | | 909 | | |
| 82 | Misc. Cust. Service and Information | 910 | \$ - | | | | | | | | | | 910 | | |
| 83 | Sales Supervision | 911 | \$ - | | | | | | | | | | 911 | | |
| 84 | Demonstrating & Selling Exp | 912 | \$ - | | | | | | | | | | 912 | | |
| 85 | Advertising Expense | 913 | \$ - | | | | | | | | | | 913 | | |
| 86 | Misc. Sales Expense | 916 | \$ - | | | | | | | | | | 916 | | |
| 87 | Sales Expense | 917 | \$ - | | | | | | | | | | 917 | | |
| 88 | Total O&M Adjustment | | \$ (1,166) | \$ (1,057) | \$ (109) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | |
| 89 | Administrative & General | | | | | | | | | | | | | | |
| 90 | Admin & General Salaries | 920 | \$ (19,277) | \$ (11,054) | \$ (8,223) | | | | | | | | 920 | | |
| 91 | Office Supplies & Exp | 921 | \$ - | | | | | | | | | | 921 | | |
| 92 | Admin Expenses Transferred | 922 | \$ - | | | | | | | | | | 922 | | |
| 93 | Outside Services | 923 | \$ - | | | | | | | | | | 923 | | |
| 94 | Property Insurance | 924 | \$ - | | | | | | | | | | 924 | | |
| 95 | Injures & Damages | 925 | \$ (29) | | \$ (29) | | | | | | | | 925 | | |
| 96 | Employee Pensions & Benefits | 926 | \$ - | | | | | | | | | | 926 | | |
| 97 | Regulatory Commission Exp | 928 | \$ (15) | | \$ (15) | | | | | | | | 928 | | |
| 98 | Duplicate Charges | 929 | \$ - | | | | | | | | | | 929 | | |
| 99 | General Advertising Exp | 9301 | \$ - | | | | | | | | | | 9301 | | |
| 100 | Miscellaneous | 9302 | \$ (108) | | \$ (108) | | | | | | | | 9302 | | |
| 101 | Rents | 931 | \$ - | | | | | | | | | | 931 | | |
| 102 | Maint. Of General Plant | 935 | \$ - | | | | | | | | | | 935 | | |
| 103 | TOTAL Administrative & General Adjustment | | \$ (19,429) | \$ (11,054) | \$ (8,375) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | |
| 104 | TOTAL O & M EXPENSE Adjustment | | \$ (20,595) | \$ (12,111) | \$ (8,484) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | |

Docket No. 46449 SWEPCO
Test Year End: 03/31/2020
ADJUSTMENTS TO COMPANY TEST YEAR RATE BASE

| | | Total Rate Base Adj | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | |
|------------------|-----------------------------------------------|---------------------|------------------|-----------------|---------------|------------------|-----------------|------------------|-----------------|------|------|------|-----------------|
| INVESTED CAPITAL | | | Topic | Dolet Hills | Cap Fin. Inc. | ADFIT NOL ADJ 1 | ADFIT NOL ADJ 2 | Retired | | | | | |
| | | Acct. No | (a) | (b) | (c) | (d) | (e) | Generating Units | Oxbow | (h) | (i) | (j) | Acct. No |
| 1 | Plant in Service | 101 | \$ (339,874,755) | ##### | | | | | | | | | 101 |
| 2 | Accumulated Depreciation | 108 | \$ 287,592,107 | \$ 300,801,271 | \$ 1,306 | | | \$ (13,240,470) | | | | | 108 |
| 3 | | | \$ - | | | | | | | | | | |
| 4 | Net Plant in Service | | \$ - | | | | | | | | | | |
| 5 | | | \$ - | | | | | | | | | | |
| 6 | Construction Work in Progress | 107 | \$ - | | | | | | | | | | 107 |
| 7 | Plant Held for Future Use | 105 | \$ - | | | | | | | | | | 105 |
| 8 | Dolet Hills Mine FAS 143 ARO Asset | 102 | \$ - | | | | | | | | | | 101.6 |
| 9 | Capitalized leases | 1011 | \$ - | | | | | | | | | | 1011 |
| 10 | Completed Construction Not Classified | 106 | \$ - | | | | | | | | | | 106 |
| 11 | Plant Acquisition | 114 | \$ - | | | | | | | | | | 114 |
| 12 | Investment in Associated Companies | 123 | \$ - | | | | | | | | | | |
| 13 | Other Electric Plant Adjustments | 116 | \$ (43,345) | | \$ (43,345) | | | | | | | | 116 |
| 14 | Working Cash Allowance | | \$ - | | | | | | | | | | |
| 15 | Materials and Supplies | 154 | \$ - | | | | | | | | | | 154 |
| 16 | Fuel Inventories | 151/152 | \$ - | | | | | | | | | | 151/152 |
| 17 | Prepayments | 165 | \$ - | | | | | | | | | | 165 |
| 18 | SFAS #109 Regulatory Assets & Liabilities | 1823/254 | \$ - | | | | | | | | | | 1823/254 |
| 19 | Accumulated DFIT - Reg Assets and Liabilities | | \$ - | | | | | | | | | | |
| 20 | Accumulated Deferred Federal Income Taxes | | \$ (445,079,607) | | | \$ (455,122,490) | \$ 10,042,883 | | | | | | |
| 21 | Rate Base - Other | | \$ - | | | | | | | | | | |
| 22 | IPP Credit | 2530067 | \$ - | | | | | | | | | | 2530067 |
| 23 | Trading Deposits | 1340018/134004 | \$ - | | | | | | | | | | 1340018/1340048 |
| 24 | Excess Earnings Deferral | 2540052 | \$ - | | | | | | | | | | 2540052 |
| 25 | Advances for Construction | 2520000 | \$ - | | | | | | | | | | 2520000 |
| 26 | Net CCS Feed Study Costs | 1823306 | \$ - | | | | | | | | | | 1823306 |
| 27 | T.V. Pole Attachments | 2530050 | \$ - | | | | | | | | | | 2530050 |
| 28 | Sabine Mine Reclamation | 2420059 | \$ - | | | | | | | | | | 2420059 |
| 29 | Investment in Oxbow | | \$ (16,576,181) | | | | | | \$ (16,576,181) | | | | |
| 30 | Customer Deposits | 2350 | \$ - | | | | | | | | | | 2350 |
| 31 | TOTAL INVESTED CAPITAL (RATE BASE) | | \$ (514,011,781) | \$ (39,073,484) | \$ (42,039) | \$ (455,122,490) | \$ 10,042,883 | \$ (13,240,470) | \$ (16,576,181) | \$ - | \$ - | \$ - | |

| | Co Request | Staff Adjustment | Staff Depr & Amort |
|---------------------------------|----------------|------------------|--------------------|
| Production | \$ 127,726,011 | \$ (10,525,816) | \$ 117,200,195 |
| Transmission | \$ 47,949,610 | \$ - | \$ 47,949,610 |
| Distribution | \$ 64,202,401 | \$ - | \$ 64,202,401 |
| General | \$ 6,770,784 | \$ - | \$ 6,770,784 |
| Amortization - Intangible | \$ 22,714,099 | \$ (1,855,750) | \$ 20,858,349 |
| Amortization - Texas Impairment | \$ (1,209,820) | \$ (1,306) | \$ (1,211,126) |
| TOTAL | \$ 268,153,085 | \$ (12,382,872) | \$ 255,770,213 |

SOUTHWESTERN ELECTRIC POWER COMPANY
Cash Working Capital Results
For the test year ended June 30, 2016

| Line No. | (1) Description | (2) SWEPCO Adjusted Test Year | (3) Adjustment | (4) Staff Adjusted Test Year Amount | (5) Avg. Daily Expense | (6) Revenue Lag Days | (7) Expense Lead Days | (8) Net (Lead)/Lag | (9) Working Capital Requirement |
|----------|---------------------------------|-------------------------------------|-------------------|-------------------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|---------------------------------------|
| 1 | Operation & Maintenance Expense | | | | | | | | |
| 2 | Fuel | | | | | | | | |
| 3 | Coal | \$ 165,804,222 | | \$ 165,804,222 | \$ 454,258 | 4.73 | -19.66973681 | -14.94 | \$ (6,786,497) |
| 4 | Oil | \$ 89,538,282 | | \$ 89,538,282 | \$ 245,310 | 4.73 | -26.15457889 | -21.42 | \$ (5,255,671) |
| 5 | Gas | \$ 1,609,996 | | \$ 1,609,996 | \$ 4,411 | 4.73 | -40.12437723 | -35.39 | \$ (156,123) |
| 6 | Lignite | \$ 153,199,030 | | \$ 153,199,030 | \$ 419,723 | 4.73 | -30.75113026 | -26.02 | \$ (10,921,676) |
| 7 | Purchased Power | \$ 207,609,120 | | \$ 207,609,120 | \$ 568,792 | 4.73 | -36.54 | -31.81 | \$ (18,093,277) |
| 8 | Other O&M | \$ 527,727,608 | \$ (22,642,161) | \$ 505,085,447 | \$ 1,383,796 | 4.73 | -39.92 | -35.19 | \$ (48,695,772) |
| 9 | Federal Income Taxes | | | | | | | | |
| 10 | FIT Current | \$ 12,056,739 | | \$ 26,946,098 | \$ 73,825 | 4.73 | -36.5 | -31.77 | \$ (2,345,418) |
| 11 | FIT Deferred | \$ 8,260,610 | | \$ 18,461,974 | \$ 50,581 | 0 | 0 | 0.00 | \$ - |
| 12 | State Income Taxes | | | | | | | | |
| 13 | Current | \$ (0) | \$ - | \$ (0) | \$ (0) | 4.73 | -36.5 | -31.77 | \$ 0 |
| 14 | Deferred | \$ - | \$ - | \$ - | \$ - | 0 | 0 | 0.00 | \$ - |
| 15 | Taxes Other Than Income Taxes | | | | | | | | |
| 16 | Payroll Taxes | \$ 7,098,502 | \$ (258,162) | \$ 6,840,340 | \$ 18,741 | 4.73 | -22.36 | -17.83 | \$ (330,398) |
| 17 | Local Franchise Tax | \$ 12,380,638 | \$ (830,022) | \$ 11,550,616 | \$ 31,646 | 4.73 | -66.54 | -61.81 | \$ (1,956,010) |
| 18 | Public Utility Commission Tax | \$ 2,185,861 | \$ (205,230) | \$ 1,980,631 | \$ 5,426 | 4.73 | -306.3 | -301.57 | \$ (1,636,436) |
| 19 | Texas State Gross Margin Tax | \$ (495,820) | \$ (389,937) | \$ (885,757) | \$ (2,427) | 4.73 | 46 | 50.73 | \$ (123,108) |
| 21 | Arkansas Ad Valorem Taxes | \$ 17,071,951 | \$ - | \$ 17,071,951 | \$ 46,772 | 4.73 | -393.65 | -388.92 | \$ (18,190,749) |
| 22 | All Other States Valorem Taxes | \$ 50,392,556 | \$ (4,041,090) | \$ 46,351,466 | \$ 126,990 | 4.73 | -186.3 | -183.57 | \$ (23,311,613) |
| 23 | Texas State Gross Receipts Tax | \$ 6,266,507 | \$ (1,289,504) | \$ 4,977,003 | \$ 13,636 | 4.73 | -75 | -70.27 | \$ (958,175) |
| 24 | Other Taxes Other Than Income | \$ 1,703 | \$ - | \$ 1,703 | \$ 5 | 4.73 | -4.73 | 0.00 | \$ - |
| 25 | Interest on Customer Deposits | \$ 1,438,097 | \$ (1,041,156) | \$ 396,941 | \$ 1,088 | 4.73 | -164.16 | -159.43 | \$ (173,382) |
| 26 | Depreciation Expense | | | | | 0 | 0.00 | 0.00 | \$ - |
| 27 | Return | | | | | 0 | 0.00 | 0.00 | \$ - |
| 28 | Subtotal | \$ 2,522,853,107 | \$ (30,697,262) | \$ 1,301,947,134 | | | | | \$ (138,934,305) |
| 29 | Working Funds and Other | | | | | | | | \$ (2,706,814) |
| 30 | Total | | | | | | | | \$ (141,641,119) |

* Source: WP E-1-1

Company Request \$ (145,220,159)
Adjustment to Company Request \$ 3,579,040

CAPITAL STRUCTURE AND COST OF CAPITAL:

| | <u>Ratio</u> | <u>Cost</u> | <u>Weighted Cost</u> |
|----------------|--------------|-------------|--------------------------|
| Long-term Debt | 50.63% | 4.08% | 2.0656096% |
| Equity | 49.37% | 9.23% | 4.5545959% |
| TOTAL | 100.00% | | 6.62% |

STAFF ADJUSTMENT TO SWEPCO PAYROLL

| SOUTHWESTERN ELECTRIC POWER COMPANY CALCULATION OF PAYROLL ANNUALIZATION - Response to Staff 5-27 AS OF 10/31/2020 | | | | | SWEPCO Proposed Adj. A-3.1 RFP | Staff Adj. to SWEPCO Request |
|--------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------|-----------------------|--|--------------------------------------|------------------------------------|
| Test year actual regular pay less joint billings FERC | Total | Annualized Payroll | Revised Adjustment | | | |
| 5000 | \$ 5,273,166 | \$ 5,463,663 | \$ 190,498 | | \$ 151,922 | \$ 38,576 |
| 5010 | \$ 50,682 | \$ 52,513 | \$ 1,831 | | \$ 1,460 | \$ 371 |
| 5020 | \$ 6,857,893 | \$ 7,105,641 | \$ 247,747 | | \$ 197,578 | \$ 50,169 |
| 5050 | \$ 7,117,976 | \$ 7,375,119 | \$ 257,143 | | \$ 205,071 | \$ 52,072 |
| 5060 | \$ 3,180,083 | \$ 3,294,966 | \$ 114,883 | | \$ 91,619 | \$ 23,264 |
| 5100 | \$ 3,928,392 | \$ 4,070,308 | \$ 141,917 | | \$ 113,178 | \$ 28,738 |
| 5110 | \$ 831,627 | \$ 861,671 | \$ 30,043 | | \$ 23,959 | \$ 6,084 |
| 5120 | \$ 8,195,282 | \$ 8,491,344 | \$ 296,062 | | \$ 236,109 | \$ 59,953 |
| 5130 | \$ 1,748,176 | \$ 1,811,331 | \$ 63,154 | | \$ 50,366 | \$ 12,789 |
| 5140 | \$ 1,847,164 | \$ 1,913,895 | \$ 66,730 | | \$ 53,217 | \$ 13,513 |
| 5420 | \$ 197 | \$ 204 | \$ 7 | | \$ 6 | \$ 1 |
| 5440 | \$ 1,125 | \$ 1,166 | \$ 41 | | \$ 32 | \$ 8 |
| 5480 | \$ 206,327 | \$ 213,781 | \$ 7,454 | | \$ 5,944 | \$ 1,509 |
| 5520 | \$ 986 | \$ 1,021 | \$ 36 | | \$ 28 | \$ 7 |
| 5530 | \$ 312,657 | \$ 323,952 | \$ 11,295 | | \$ 9,008 | \$ 2,287 |
| 5600 | \$ 1,453,939 | \$ 1,506,464 | \$ 52,525 | | \$ 41,888 | \$ 10,636 |
| 5612 | \$ 694 | \$ 720 | \$ 25 | | \$ 20 | \$ 5 |
| 5620 | \$ 242,445 | \$ 251,203 | \$ 8,759 | | \$ 6,985 | \$ 1,774 |
| 5630 | \$ 20,394 | \$ 21,131 | \$ 737 | | \$ 588 | \$ 149 |
| 5660 | \$ 296,121 | \$ 306,819 | \$ 10,698 | | \$ 8,531 | \$ 2,166 |
| 5680 | \$ 3,235 | \$ 3,352 | \$ 117 | | \$ 93 | \$ 24 |
| 5690 | \$ 4,743 | \$ 4,914 | \$ 171 | | \$ 137 | \$ 35 |
| 5700 | \$ 1,013,440 | \$ 1,050,052 | \$ 36,611 | | \$ 29,198 | \$ 7,414 |
| 5710 | \$ 365,267 | \$ 378,463 | \$ 13,196 | | \$ 10,523 | \$ 2,672 |
| 5800 | \$ 655,175 | \$ 678,844 | \$ 23,669 | | \$ 18,876 | \$ 4,793 |
| 5820 | \$ 305,879 | \$ 316,929 | \$ 11,050 | | \$ 8,812 | \$ 2,238 |
| 5830 | \$ (1,386,701) | \$ (1,436,797) | \$ (50,096) | | \$ (39,951) | \$ (10,144) |
| 5840 | \$ 618,150 | \$ 640,482 | \$ 22,331 | | \$ 17,809 | \$ 4,522 |
| 5850 | \$ 25,818 | \$ 26,751 | \$ 933 | | \$ 744 | \$ 189 |
| 5860 | \$ 2,568,022 | \$ 2,660,794 | \$ 92,772 | | \$ 73,986 | \$ 18,786 |
| 5870 | \$ 261,908 | \$ 271,370 | \$ 9,462 | | \$ 7,546 | \$ 1,916 |
| 5880 | \$ 9,303,952 | \$ 9,640,065 | \$ 336,113 | | \$ 268,050 | \$ 68,063 |
| 5900 | \$ 122,227 | \$ 126,643 | \$ 4,416 | | \$ 3,521 | \$ 894 |
| 5910 | \$ 6,927 | \$ 7,177 | \$ 250 | | \$ 200 | \$ 51 |
| 5920 | \$ 676,656 | \$ 701,101 | \$ 24,445 | | \$ 19,495 | \$ 4,950 |
| 5930 | \$ 5,680,298 | \$ 5,885,504 | \$ 205,206 | | \$ 163,651 | \$ 41,554 |
| 5940 | \$ 184,702 | \$ 191,375 | \$ 6,673 | | \$ 5,321 | \$ 1,351 |
| 5950 | \$ 72,805 | \$ 75,436 | \$ 2,630 | | \$ 2,098 | \$ 533 |
| 5960 | \$ 133,719 | \$ 138,550 | \$ 4,831 | | \$ 3,852 | \$ 978 |
| 5970 | \$ 343,709 | \$ 356,125 | \$ 12,417 | | \$ 9,902 | \$ 2,514 |
| 5980 | \$ 203,351 | \$ 210,697 | \$ 7,346 | | \$ 5,859 | \$ 1,488 |
| 9010 | \$ 462,559 | \$ 479,269 | \$ 16,710 | | \$ 13,326 | \$ 3,384 |
| 9020 | \$ 1,741,189 | \$ 1,804,091 | \$ 62,902 | | \$ 50,164 | \$ 12,738 |
| 9030 | \$ 2,438,820 | \$ 2,526,925 | \$ 88,105 | | \$ 70,263 | \$ 17,841 |
| 9070 | \$ 975,874 | \$ 1,011,128 | \$ 35,254 | | \$ 28,115 | \$ 7,139 |
| 9080 | \$ 1,886,333 | \$ 1,954,479 | \$ 68,145 | | \$ 54,346 | \$ 13,800 |
| 9200 | \$ 4,325,628 | \$ 4,481,895 | \$ 156,267 | | \$ 124,623 | \$ 31,644 |
| 9220 | \$ (2,057,088) | \$ (2,131,402) | \$ (74,314) | | \$ (59,265) | \$ (15,049) |
| 9250 | \$ 203,306 | \$ 210,650 | \$ 7,345 | | \$ 5,857 | \$ 1,487 |
| 9280 | \$ 1,995 | \$ 2,067 | \$ 72 | | \$ 57 | \$ 15 |
| 9302 | \$ 110,133 | \$ 114,112 | \$ 3,979 | | \$ 3,173 | \$ 806 |
| 9350 | \$ 1,590,352 | \$ 1,647,805 | \$ 57,453 | | \$ 45,819 | \$ 11,634 |
| | \$ 74,407,712 | \$ 77,095,756 | \$ 2,688,044 | | \$ 2,143,713 | \$ 544,331 |

Staff Adjustment to
SWEPCO Request

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-27:

Provide the most recent payroll annualized by FERC account separately for SWEPCO and for the amounts allocated to SWEPCO by AEPSC and include a detailed explanation of the calculations.

Response No. Staff 5-27:

Please refer to Staff 5-27 Attachment 1 for most recent payroll annualized by FERC account for amounts allocated to SWEPCO by AEPSC. The Company repeated the same process as was done for proforma adjustment calculation. The Company took the most recent payroll in October 2020 and calculated the base labor that was allocated to SWEPCO by AEPSC and then annualized that base labor amount. The Company then compared that to the test year base labor that was allocated to SWEPCO by AEPSC to calculate the proforma adjustment.

Please see Staff 5-27 Attachment 2 for the annualization of SWEPCO base payroll as of October 31, 2020. The Company used the same process in preparing this response as was used in its payroll proforma adjustment. Using the employees on the payroll roles as of October 31, 2020, the amounts were reduced to reflect the SWEPCO percentage of ownership for those locations they share ownership with other companies. This amount was distributed to FERC accounts based on the historic regular pay for the test year and a variance was calculated by comparing those two amounts.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

SOUTHWESTERN ELECTRIC POWER COMPANY
CALCULATION OF PAYROLL ANNUALIZATION
AS OF 10/31/2020

Test year actual regular pay
less joint billings

| FERC | Total | Annualized Payroll | Adjustment |
|-------------|----------------|--------------------|--------------|
| 1070 | 30,831,093.27 | 31,944,893.50 | 1,113,800.23 |
| 1080 | 5,789,925.40 | 5,999,091.52 | 209,166.12 |
| 1510 | 426,890.48 | 442,312.27 | 15,421.79 |
| 1520 | 3,911,766.75 | 4,053,082.75 | 141,316.00 |
| 1850 | 169,598.01 | 175,724.89 | 6,126.88 |
| 1860 | 230,580.73 | 238,910.66 | 8,329.93 |
| 1880 | (1,060.85) | (1,099.17) | (38.32) |
| 4010 | 5,581.07 | 5,782.69 | 201.62 |
| 4264 | 212,821.72 | 220,510.09 | 7,688.37 |
| 4265 | 80,420.87 | 83,326.14 | 2,905.27 |
| 4560 | (46,033.45) | (47,886.44) | (1,853.00) |
| 5000 | 5,273,165.54 | 5,463,663.26 | 190,497.72 |
| 5010 | 50,882.31 | 52,513.25 | 1,630.94 |
| 5020 | 8,857,893.21 | 7,105,640.60 | 247,747.39 |
| 5050 | 7,117,975.61 | 7,375,118.71 | 257,143.10 |
| 5060 | 3,180,083.01 | 3,294,966.29 | 114,883.28 |
| 5100 | 3,928,391.88 | 4,070,308.47 | 141,916.59 |
| 5110 | 831,627.27 | 861,870.54 | 30,043.26 |
| 5120 | 8,195,282.43 | 8,491,344.18 | 296,061.75 |
| 5130 | 1,748,176.30 | 1,811,330.70 | 63,154.40 |
| 5140 | 1,847,164.41 | 1,913,894.84 | 66,730.43 |
| 5420 | 196.70 | 203.80 | 7.11 |
| 5440 | 1,125.43 | 1,166.09 | 40.66 |
| 5480 | 206,327.41 | 213,781.17 | 7,453.76 |
| 5520 | 985.67 | 1,021.28 | 35.61 |
| 5530 | 312,657.10 | 323,952.11 | 11,295.01 |
| 5600 | 1,453,938.91 | 1,506,463.72 | 52,524.82 |
| 5612 | 694.47 | 719.56 | 25.09 |
| 5620 | 242,444.96 | 251,203.50 | 8,758.54 |
| 5630 | 20,394.23 | 21,130.99 | 736.76 |
| 5680 | 296,121.33 | 306,818.98 | 10,697.64 |
| 5690 | 3,234.79 | 3,351.65 | 116.86 |
| 5690 | 4,743.03 | 4,914.38 | 171.35 |
| 5700 | 1,013,440.12 | 1,050,051.53 | 36,611.41 |
| 5710 | 365,267.36 | 378,462.96 | 13,195.60 |
| 5800 | 655,175.46 | 678,844.25 | 23,668.79 |
| 5820 | 305,878.90 | 316,929.05 | 11,050.14 |
| 5830 | (1,386,700.78) | (1,436,796.55) | (50,095.78) |
| 5840 | 618,150.40 | 640,481.62 | 22,331.22 |
| 5850 | 25,818.41 | 26,751.13 | 932.71 |
| 5880 | 2,568,021.78 | 2,660,793.01 | 92,772.03 |
| 5870 | 261,908.04 | 271,369.70 | 9,461.66 |
| 5880 | 9,303,951.96 | 9,640,065.37 | 336,113.41 |
| 5900 | 122,227.37 | 126,642.94 | 4,415.57 |
| 5910 | 6,926.67 | 7,176.90 | 250.23 |
| 5920 | 676,655.72 | 701,100.50 | 24,444.78 |
| 5930 | 5,680,297.86 | 5,885,503.59 | 205,205.73 |
| 5940 | 184,702.21 | 191,374.74 | 6,672.53 |
| 5950 | 72,805.36 | 75,435.52 | 2,630.16 |
| 5960 | 133,719.10 | 138,549.82 | 4,830.72 |
| 5970 | 343,708.51 | 356,125.28 | 12,416.77 |
| 5980 | 203,351.12 | 210,697.35 | 7,346.24 |
| 9010 | 482,558.57 | 479,268.90 | 16,710.33 |
| 9020 | 1,741,188.93 | 1,804,090.91 | 62,901.97 |
| 9030 | 2,438,820.00 | 2,526,924.50 | 88,104.51 |
| 9070 | 975,873.86 | 1,011,128.16 | 35,254.30 |
| 9080 | 1,886,333.21 | 1,954,478.65 | 68,145.44 |
| 9200 | 4,325,627.85 | 4,481,894.95 | 156,267.09 |
| 9220 | (2,057,087.95) | (2,131,402.05) | (74,314.10) |
| 9250 | 203,305.74 | 210,650.33 | 7,344.60 |
| 9280 | 1,994.70 | 2,066.76 | 72.06 |
| 9302 | 110,133.05 | 114,111.70 | 3,978.65 |
| 9350 | 1,590,352.34 | 1,647,805.21 | 57,452.87 |
| Grand Total | 116,019,295.87 | 120,210,594.48 | 4,191,298.61 |

adj to exp = 2,688,044
SWEPD Reg. 143,713
staff adj. 544,331

allow to FERC acc'ts
based on SWEPD's adj

Base payroll - joint plant billings
(5,825,400.11)
G-1.1 base 121,844,695.98

SOUTHWESTERN ELECTRIC POWER COMPANY
Payroll Normalization Expense
For the Test Year Ended March 31, 2020

| Line No | (1) Description | (2) Schedule A Reference | (3) Workpaper Reference | (4) Acct Reference | (5) Exp Amt As Adjusted | (6) TY Amt Per Books | (7) Total Adjustment |
|---------|-----------------------|-----------------------------|----------------------------|-----------------------|----------------------------|-------------------------|-------------------------|
| 1 | Payroll Normalization | Sch A, ln 4 | WPIA-3.1 | 5000 | 5,425,087.31 | \$ 5,273,166 | \$ 151,922 |
| 2 | | Sch A, ln 3 | WPIA-3.1 | 5010 | 52,142.49 | 50,682 | \$ 1,460 |
| 3 | | Sch A, ln 4 | WPIA-3.1 | 5020 | 7,055,471.54 | 6,857,893 | \$ 197,578 |
| 4 | | Sch A, ln 4 | WPIA-3.1 | 5050 | 7,323,047.01 | 7,117,976 | \$ 205,071 |
| 5 | | Sch A, ln 4 | WPIA-3.1 | 5060 | 3,271,702.32 | 3,180,083 | \$ 91,619 |
| 6 | | Sch A, ln 4 | WPIA-3.1 | 5100 | 4,041,570.24 | 3,928,392 | \$ 113,178 |
| 7 | | Sch A, ln 4 | WPIA-3.1 | 5110 | 855,586.75 | 831,627 | \$ 23,959 |
| 8 | | Sch A, ln 4 | WPIA-3.1 | 5120 | 8,431,391.42 | 8,195,282 | \$ 236,109 |
| 9 | | Sch A, ln 4 | WPIA-3.1 | 5130 | 1,798,541.88 | 1,748,176 | \$ 50,366 |
| 10 | | Sch A, ln 4 | WPIA-3.1 | 5140 | 1,900,381.87 | 1,847,184 | \$ 53,217 |
| 11 | | Sch A, ln 4 | WPIA-3.1 | 5420 | 202.36 | 197 | \$ 5 |
| 12 | | Sch A, ln 4 | WPIA-3.1 | 5440 | 1,157.85 | 1,125 | \$ 32 |
| 13 | | Sch A, ln 4 | WPIA-3.1 | 5480 | 212,271.78 | 206,327 | \$ 5,944 |
| 14 | | Sch A, ln 4 | WPIA-3.1 | 5520 | 1,014.07 | 986 | \$ 28 |
| 15 | | Sch A, ln 4 | WPIA-3.1 | 5530 | 321,664.86 | 312,657 | \$ 9,008 |
| 16 | | Sch A, ln 4 | WPIA-3.1 | 5600 | 1,495,827.40 | 1,453,939 | \$ 41,888 |
| 17 | | Sch A, ln 4 | WPIA-3.1 | 5612 | 714.48 | 694 | \$ 20 |
| 18 | | Sch A, ln 4 | WPIA-3.1 | 5620 | 249,429.89 | 242,445 | \$ 6,985 |
| 19 | | Sch A, ln 4 | WPIA-3.1 | 5630 | 20,981.79 | 20,394 | \$ 588 |
| 20 | | Sch A, ln 4 | WPIA-3.1 | 5660 | 304,652.70 | 296,121 | \$ 8,531 |
| 21 | | Sch A, ln 4 | WPIA-3.1 | 5680 | 3,327.99 | 3,235 | \$ 93 |
| 22 | | Sch A, ln 4 | WPIA-3.1 | 5690 | 4,879.68 | 4,743 | \$ 137 |
| 23 | | Sch A, ln 4 | WPIA-3.1 | 5700 | 1,042,637.69 | 1,013,440 | \$ 29,198 |
| 24 | | Sch A, ln 4 | WPIA-3.1 | 5710 | 375,790.84 | 365,267 | \$ 10,523 |
| 25 | | Sch A, ln 4 | WPIA-3.1 | 5800 | 674,051.30 | 655,175 | \$ 18,876 |
| 26 | | Sch A, ln 4 | WPIA-3.1 | 5820 | 314,691.38 | 305,879 | \$ 8,812 |
| 27 | | Sch A, ln 4 | WPIA-3.1 | 5830 | (1,426,652.12) | (1,386,701) | \$ (39,951) |
| 28 | | Sch A, ln 4 | WPIA-3.1 | 5840 | 635,959.53 | 618,150 | \$ 17,809 |
| 29 | | Sch A, ln 4 | WPIA-3.1 | 5850 | 26,562.25 | 25,818 | \$ 744 |
| 30 | | Sch A, ln 4 | WPIA-3.1 | 5860 | 2,642,007.39 | 2,568,022 | \$ 73,986 |
| 31 | | Sch A, ln 4 | WPIA-3.1 | 5870 | 269,453.70 | 261,908 | \$ 7,546 |
| 32 | | Sch A, ln 4 | WPIA-3.1 | 5880 | 9,572,002.12 | 9,303,952 | \$ 268,050 |
| 33 | | Sch A, ln 4 | WPIA-3.1 | 5900 | 125,748.79 | 122,227 | \$ 3,521 |
| 34 | Payroll Normalization | Sch A, ln 4 | WPIA-3.1 | 5910 | 7,126.23 | 6,927 | \$ 200 |
| 35 | | Sch A, ln 4 | WPIA-3.1 | 5920 | 696,150.42 | 676,656 | \$ 19,495 |
| 36 | | Sch A, ln 4 | WPIA-3.1 | 5930 | 5,843,949.25 | 5,680,298 | \$ 163,651 |
| 37 | | Sch A, ln 4 | WPIA-3.1 | 5940 | 190,023.54 | 184,702 | \$ 5,321 |
| 38 | | Sch A, ln 4 | WPIA-3.1 | 5950 | 74,902.91 | 72,805 | \$ 2,098 |
| 39 | | Sch A, ln 4 | WPIA-3.1 | 5960 | 137,571.60 | 133,719 | \$ 3,852 |
| 40 | | Sch A, ln 4 | WPIA-3.1 | 5970 | 353,610.87 | 343,709 | \$ 9,902 |
| 41 | | Sch A, ln 4 | WPIA-3.1 | 5980 | 209,209.73 | 203,351 | \$ 5,859 |
| 42 | | Sch A, ln 4 | WPIA-3.1 | 9010 | 475,885.05 | 462,559 | \$ 13,326 |
| 43 | | Sch A, ln 4 | WPIA-3.1 | 9020 | 1,791,353.21 | 1,741,189 | \$ 50,164 |
| 44 | | Sch A, ln 4 | WPIA-3.1 | 9030 | 2,509,083.26 | 2,439,820 | \$ 70,263 |
| 45 | | Sch A, ln 4 | WPIA-3.1 | 9070 | 1,003,989.13 | 975,874 | \$ 28,115 |
| 46 | | Sch A, ln 4 | WPIA-3.1 | 9080 | 1,940,679.14 | 1,886,333 | \$ 54,346 |
| 47 | | Sch A, ln 4 | WPIA-3.1 | 9200 | 4,450,250.73 | 4,325,628 | \$ 124,623 |
| 48 | | Sch A, ln 4 | WPIA-3.1 | 9220 | (2,116,353.38) | (2,057,088) | \$ (59,265) |
| 49 | | Sch A, ln 4 | WPIA-3.1 | 9250 | 209,163.05 | 203,306 | \$ 5,857 |
| 50 | | Sch A, ln 4 | WPIA-3.1 | 9280 | 2,052.17 | 1,995 | \$ 57 |
| 51 | | Sch A, ln 4 | WPIA-3.1 | 9302 | 113,306.02 | 110,133 | \$ 3,173 |
| 52 | | Sch A, ln 4 | WPIA-3.1 | 9350 | 1,636,170.95 | 1,590,352 | \$ 45,819 |
| 53 | Total | | | | 76,551,424.44 | \$ 74,407,712 | \$ 2,143,713 |

Justification for requested adjustment.

Adjust payroll to reflect base pay levels at the end of the test year for employees employed by the Company as of that date and either a 2.5% or 3% increase. The discussion of this adjustment can be found in the testimonies of Mr. Michael Baird and Mr. Andrew Carlin.

STAFF ADJUSTMENT TO AEPSC PAYROLL

| SOUTHWESTERN ELECTRIC POWER COMPANY October 2020 Payroll Annualized in Cost of Service Response to Staff 5-27 Billed from AEPSC to SWEPCO by FERC Account | | | | SWEPCO RFP Adjustment BJF-18 | Staff Adj. to SWEPCO Request |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------------|------------------------------------|---------------------------------------|
| FERC Account | Test Year | Annualized | Proforma Adjustment | | |
| 5000 - Oper Supervision & Engineering | \$ 6,060,375 | \$ 5,949,261 | \$ (111,114) | \$ 609,540 | \$ (720,654) |
| 5010 - Fuel | \$ 419,862 | \$ 412,223 | \$ (7,639) | \$ 42,067 | \$ (49,707) |
| 5020 - Steam Expenses | \$ 96,351 | \$ 94,551 | \$ (1,800) | \$ 9,783 | \$ (11,582) |
| 5050 - Electric Expenses | \$ 2,493 | \$ 2,447 | \$ (46) | \$ 252 | \$ (298) |
| 5060 - Misc Steam Power Expenses | \$ 397,196 | \$ 389,950 | \$ (7,246) | \$ 39,848 | \$ (47,094) |
| 5100 - Maint Supv & Engineering | \$ 214,754 | \$ 210,763 | \$ (3,990) | \$ 21,746 | \$ (25,736) |
| 5110 - Maintenance of Structures | \$ 339,064 | \$ 332,601 | \$ (6,462) | \$ 34,780 | \$ (41,242) |
| 5120 - Maintenance of Boiler Plant | \$ 734,161 | \$ 720,276 | \$ (13,885) | \$ 75,011 | \$ (88,896) |
| 5130 - Maintenance of Electric Plant | \$ 188,963 | \$ 185,411 | \$ (3,552) | \$ 19,247 | \$ (22,799) |
| 5140 - Maintenance of Misc Steam Plt | \$ 69,068 | \$ 67,753 | \$ (1,315) | \$ 7,081 | \$ (8,396) |
| 5240 - Misc Nuclear Power Expenses | \$ 0 | \$ 0 | \$ (0) | \$ 0 | \$ (0) |
| 5280 - Maint Supv & Engineering | \$ 3,605 | \$ 3,538 | \$ (67) | \$ 364 | \$ (430) |
| 5290 - Maintenance of Structures | \$ 212 | \$ 208 | \$ (4) | \$ 22 | \$ (26) |
| 5300 - Maint of Reactor Plant Equip | \$ 11 | \$ 11 | \$ 0 | \$ 0 | \$ (0) |
| 5310 - Maintenance of Electric Plant | \$ 8 | \$ 8 | \$ (0) | \$ 1 | \$ (1) |
| 5350 - Oper Supervision & Engineering | \$ 2,728 | \$ 2,678 | \$ (50) | \$ 274 | \$ (324) |
| 5370 - Hydraulic Expenses | \$ 264 | \$ 260 | \$ (5) | \$ 26 | \$ (31) |
| 5390 - Misc Hydr Power Generation Exp | \$ 3,068 | \$ 3,009 | \$ (58) | \$ 314 | \$ (373) |
| 5450 - Maint of Misc Hydraulic Plant | \$ 575 | \$ 566 | \$ (9) | \$ 54 | \$ (64) |
| 5510 - Maint Supv & Engineering | \$ (9) | \$ (9) | \$ (0) | \$ (0) | \$ 0 |
| 5530 - Maintenance of Generating Plt | \$ 6,651 | \$ 6,528 | \$ (123) | \$ 672 | \$ (794) |
| 5560 - Sys Control & Load Dispatching | \$ 827,359 | \$ 811,947 | \$ (15,412) | \$ 83,883 | \$ (99,295) |
| 5570 - Other Expenses | \$ 1,854,344 | \$ 1,819,890 | \$ (34,454) | \$ 187,762 | \$ (222,215) |
| 5600 - Oper Supervision & Engineering | \$ 3,575,131 | \$ 3,510,075 | \$ (65,055) | \$ 358,219 | \$ (423,274) |
| 5612 - Load Dispatch-Mntr&Op TransSys | \$ 557,248 | \$ 546,966 | \$ (10,282) | \$ 56,225 | \$ (66,507) |
| 5615 - Reliability,Plng&Stds Develop | \$ 131,427 | \$ 128,986 | \$ (2,441) | \$ 13,304 | \$ (15,744) |
| 5620 - Station Expenses | \$ 3,970 | \$ 3,901 | \$ (69) | \$ 388 | \$ (456) |
| 5630 - Overhead Line Expenses | \$ 10,627 | \$ 10,433 | \$ (194) | \$ 1,066 | \$ (1,260) |
| 5660 - Misc Transmission Expenses | \$ 793,724 | \$ 779,153 | \$ (14,571) | \$ 79,882 | \$ (94,452) |
| 5670 - Rents | \$ 74 | \$ 73 | \$ (1) | \$ 7 | \$ (9) |
| 5680 - Maint Supv & Engineering | \$ 5,398 | \$ 5,299 | \$ (99) | \$ 542 | \$ (641) |
| 5690 - Maintenance of Structures | \$ 25 | \$ 25 | \$ (0) | \$ 3 | \$ (3) |
| 5691 - Maint of Computer Hardware | \$ 5,177 | \$ 5,081 | \$ (96) | \$ 525 | \$ (621) |
| 5692 - Maint of Computer Software | \$ 82,685 | \$ 81,184 | \$ (1,501) | \$ 8,276 | \$ (9,777) |
| 5700 - Maint of Station Equipment | \$ 116,017 | \$ 113,909 | \$ (2,107) | \$ 11,614 | \$ (13,721) |
| 5710 - Maintenance of Overhead Lines | \$ 12,530 | \$ 12,306 | \$ (223) | \$ 1,243 | \$ (1,466) |
| 5730 - Maint of Misc Trnsmssion Plt | \$ 695 | \$ 682 | \$ (13) | \$ 70 | \$ (82) |
| 5800 - Oper Supervision & Engineering | \$ 666,519 | \$ 655,111 | \$ (11,408) | \$ 64,796 | \$ (76,204) |
| 5820 - Station Expenses | \$ 40,190 | \$ 39,447 | \$ (743) | \$ 4,059 | \$ (4,802) |
| 5830 - Overhead Line Expenses | \$ 230 | \$ 227 | \$ (4) | \$ 22 | \$ (26) |
| 5840 - Underground Line Expenses | \$ 7,871 | \$ 7,739 | \$ (132) | \$ 758 | \$ (890) |
| 5860 - Meter Expenses | \$ 109,722 | \$ 107,844 | \$ (1,878) | \$ 10,667 | \$ (12,545) |
| 5880 - Miscellaneous Distribution Exp | \$ 628,152 | \$ 617,286 | \$ (10,866) | \$ 61,383 | \$ (72,249) |
| 5900 - Maint Supv & Engineering | \$ 4,924 | \$ 4,842 | \$ (83) | \$ 474 | \$ (557) |
| 5920 - Maint of Station Equipment | \$ 49,481 | \$ 48,581 | \$ (900) | \$ 4,957 | \$ (5,858) |
| 5930 - Maintenance of Overhead Lines | \$ 27,400 | \$ 26,933 | \$ (467) | \$ 2,658 | \$ (3,124) |
| 5970 - Maintenance of Meters | \$ 201 | \$ 198 | \$ (3) | \$ 20 | \$ (23) |
| 9010 - Supervision - Customer Accts | \$ 47,205 | \$ 46,402 | \$ (804) | \$ 4,577 | \$ (5,381) |
| 9020 - Meter Reading Expenses | \$ 82,431 | \$ 80,986 | \$ (1,445) | \$ 8,108 | \$ (9,553) |
| 9030 - Cust Records & Collection Exp | \$ 5,635,793 | \$ 5,542,905 | \$ (92,888) | \$ 538,030 | \$ (630,918) |
| 9050 - Misc Customer Accounts Exp | \$ 16,736 | \$ 16,434 | \$ (302) | \$ 1,670 | \$ (1,972) |
| 9070 - Supervision - Customer Service | \$ 72,733 | \$ 71,452 | \$ (1,281) | \$ 7,169 | \$ (8,450) |
| 9080 - Customer Assistance Expenses | \$ 43,068 | \$ 42,258 | \$ (810) | \$ 4,389 | \$ (5,199) |
| 9100 - Misc Cust Svc&Informational Ex | \$ 10,698 | \$ 10,583 | \$ (114) | \$ 851 | \$ (965) |
| 9120 - Demonstrating & Selling Exp | \$ 1,650 | \$ 1,619 | \$ (31) | \$ 169 | \$ (200) |
| 9200 - Administrative & Gen Salaries | \$ 13,644,440 | \$ 13,419,095 | \$ (225,345) | \$ 1,303,857 | \$ (1,529,202) |
| 9210 - Office Supplies and Expenses | \$ 5,234 | \$ 5,289 | \$ 55 | \$ 110 | \$ (54) |
| 9220 - Administrative Exp Trnsf - Cr | \$ (0) | \$ - | \$ 0 | | \$ 0 |
| 9230 - Outside Services Employed | \$ 636 | \$ 626 | \$ (10) | \$ 60 | \$ (70) |
| 9250 - Injuries and Damages | \$ 8,333 | \$ 8,180 | \$ (154) | \$ 841 | \$ (994) |
| 9260 - Employee Pensions & Benefits | \$ 14,125 | \$ 13,877 | \$ (248) | \$ 1,390 | \$ (1,638) |
| 9280 - Regulatory Commission Exp | \$ 961,173 | \$ 943,114 | \$ (18,059) | \$ 97,877 | \$ (115,937) |
| 9301 - General Advertising Expenses | \$ 207 | \$ 204 | \$ (4) | \$ 21 | \$ (24) |
| 9302 - Misc General Expenses | \$ 111,978 | \$ 110,047 | \$ (1,930) | \$ 10,924 | \$ (12,855) |
| 9350 - Maintenance of General Plant | \$ 114,369 | \$ 112,472 | \$ (1,897) | \$ 10,950 | \$ (12,847) |
| | \$ 38,821,330 | \$ 38,145,694 | \$ (675,636) | \$ 3,804,876 | \$ (4,480,512) |
| | | | | | Staff adjustment to SWEPCO request |

| SOUTHWESTERN ELECTRIC POWER COMPANY | | | | SWEPCO RFP Adjustment BJF-18 | Staff Adj. to SWEPCO Request |
|--------------------------------------------------------------------------------------------------------------------------|------------|------------|---------------------|------------------------------------|------------------------------------|
| October 2020 Payroll Annualized in Cost of Service Response to Staff 5-27 Billed from AEPSC to SWEPCO by FERC Account | | | | | |
| FERC Account | Test Year | Annualized | Proforma Adjustment | | |
| 5000 - Oper Supervision & Engineering | 6,060,375 | 5,949,261 | (111,114) | 609,540 | (720,654) |
| 5010 - Fuel | 419,862 | 412,223 | (7,639) | 42,067 | (49,707) |
| 5020 - Steam Expenses | 96,351 | 94,551 | (1,800) | 9,783 | (11,582) |
| 5050 - Electric Expenses | 2,493 | 2,447 | (46) | 252 | (298) |
| 5060 - Misc Steam Power Expenses | 397,196 | 389,950 | (7,246) | 39,848 | (47,094) |
| 5100 - Maint Supv & Engineering | 214,754 | 210,763 | (3,990) | 21,746 | (25,736) |
| 5110 - Maintenance of Structures | 339,064 | 332,601 | (6,462) | 34,780 | (41,242) |
| 5120 - Maintenance of Boiler Plant | 734,161 | 720,276 | (13,885) | 75,011 | (88,896) |
| 5130 - Maintenance of Electric Plant | 188,963 | 185,411 | (3,552) | 19,247 | (22,799) |
| 5140 - Maintenance of Misc Steam Plt | 69,068 | 67,753 | (1,315) | 7,081 | (8,396) |
| 5240 - Misc Nuclear Power Expenses | 0 | 0 | (0) | 0 | (0) |
| 5280 - Maint Supv & Engineering | 3,605 | 3,538 | (67) | 364 | (430) |
| 5290 - Maintenance of Structures | 212 | 208 | (4) | 22 | (26) |
| 5300 - Maint of Reactor Plant Equip | 11 | 11 | 0 | 0 | (0) |
| 5310 - Maintenance of Electric Plant | 8 | 8 | (0) | 1 | (1) |
| 5350 - Oper Supervision & Engineering | 2,728 | 2,678 | (50) | 274 | (324) |
| 5370 - Hydraulic Expenses | 264 | 260 | (5) | 26 | (31) |
| 5390 - Misc Hydr Power Generation Exp | 3,068 | 3,009 | (58) | 314 | (373) |
| 5450 - Maint of Misc Hydraulic Plant | 575 | 566 | (9) | 54 | (64) |
| 5510 - Maint Supv & Engineering | (9) | (9) | (0) | (0) | 0 |
| 5530 - Maintenance of Generating Plt | 6,651 | 6,528 | (123) | 672 | (794) |
| 5560 - Sys Control & Load Dispatching | 827,359 | 811,947 | (15,412) | 83,883 | (99,295) |
| 5570 - Other Expenses | 1,854,344 | 1,819,890 | (34,454) | 187,762 | (222,215) |
| 5600 - Oper Supervision & Engineering | 3,575,131 | 3,510,075 | (65,055) | 358,219 | (423,274) |
| 5612 - Load Dispatch-Mntr&Op TransSys | 557,248 | 546,966 | (10,282) | 56,225 | (66,507) |
| 5615 - Reliability,Png&Stds Develop | 131,427 | 128,986 | (2,441) | 13,304 | (15,744) |
| 5620 - Station Expenses | 3,970 | 3,901 | (69) | 388 | (456) |
| 5630 - Overhead Line Expenses | 10,627 | 10,433 | (194) | 1,066 | (1,260) |
| 5660 - Misc Transmission Expenses | 793,724 | 779,153 | (14,571) | 79,882 | (94,452) |
| 5670 - Rents | 74 | 73 | (1) | 7 | (9) |
| 5680 - Maint Supv & Engineering | 5,398 | 5,299 | (99) | 542 | (641) |
| 5690 - Maintenance of Structures | 25 | 25 | (0) | 3 | (3) |
| 5691 - Maint of Computer Hardware | 5,177 | 5,081 | (96) | 525 | (621) |
| 5692 - Maint of Computer Software | 82,685 | 81,184 | (1,501) | 8,276 | (9,777) |
| 5700 - Maint of Station Equipment | 116,017 | 113,909 | (2,107) | 11,614 | (13,721) |
| 5710 - Maintenance of Overhead Lines | 12,530 | 12,306 | (223) | 1,243 | (1,466) |
| 5730 - Maint of Misc Trnsmssion Plt | 695 | 682 | (13) | 70 | (82) |
| 5800 - Oper Supervision & Engineering | 666,519 | 655,111 | (11,408) | 64,796 | (76,204) |
| 5820 - Station Expenses | 40,190 | 39,447 | (743) | 4,059 | (4,802) |
| 5830 - Overhead Line Expenses | 230 | 227 | (4) | 22 | (26) |
| 5840 - Underground Line Expenses | 7,871 | 7,739 | (132) | 758 | (890) |
| 5860 - Meter Expenses | 109,722 | 107,844 | (1,878) | 10,667 | (12,545) |
| 5880 - Miscellaneous Distribution Exp | 628,152 | 617,286 | (10,866) | 61,383 | (72,249) |
| 5900 - Maint Supv & Engineering | 4,924 | 4,842 | (83) | 474 | (557) |
| 5920 - Maint of Station Equipment | 49,481 | 48,581 | (900) | 4,957 | (5,858) |
| 5930 - Maintenance of Overhead Lines | 27,400 | 26,933 | (467) | 2,658 | (3,124) |
| 5970 - Maintenance of Meters | 201 | 198 | (3) | 20 | (23) |
| 9010 - Supervision - Customer Accts | 47,205 | 46,402 | (804) | 4,577 | (5,381) |
| 9020 - Meter Reading Expenses | 82,431 | 80,986 | (1,445) | 8,108 | (9,553) |
| 9030 - Cust Records & Collection Exp | 5,635,793 | 5,542,905 | (92,888) | 538,030 | (630,918) |
| 9050 - Misc Customer Accounts Exp | 16,736 | 16,434 | (302) | 1,670 | (1,972) |
| 9070 - Supervision - Customer Service | 72,733 | 71,452 | (1,281) | 7,169 | (8,450) |
| 9080 - Customer Assistance Expenses | 43,068 | 42,258 | (810) | 4,389 | (5,199) |
| 9100 - Misc Cust Svc&Informational Ex | 10,698 | 10,583 | (114) | 851 | (965) |
| 9120 - Demonstrating & Selling Exp | 1,650 | 1,619 | (31) | 169 | (200) |
| 9200 - Administrative & Gen Salaries | 13,644,440 | 13,419,095 | (225,345) | 1,303,857 | (1,529,202) |
| 9210 - Office Supplies and Expenses | 5,234 | 5,289 | 55 | 110 | (54) |
| 9220 - Administrative Exp Trnsf - Cr | (0) | - | 0 | | 0 |
| 9230 - Outside Services Employed | 636 | 626 | (10) | 60 | (70) |
| 9250 - Injuries and Damages | 8,333 | 8,180 | (154) | 841 | (994) |
| 9260 - Employee Pensions & Benefits | 14,125 | 13,877 | (248) | 1,390 | (1,638) |
| 9280 - Regulatory Commission Exp | 961,173 | 943,114 | (18,059) | 97,877 | (115,937) |
| 9301 - General Advertising Expenses | 207 | 204 | (4) | 21 | (24) |
| 9302 - Misc General Expenses | 111,978 | 110,047 | (1,930) | 10,924 | (12,855) |
| 9350 - Maintenance of General Plant | 114,369 | 112,472 | (1,897) | 10,950 | (12,847) |
| | 38,821,330 | 38,145,694 | (675,636) | 3,804,876 | (4,480,512) |

Refer to Request
to Staff 5-27
189 AEPSC employees
took buyout

25

0000026

SOUTHWESTERN ELECTRIC POWER COMPANY
October 2020 Payroll Annualized in Cost of Service
Billed from AEPSC to SWEPCO by FERC Account

| FERC Account | Test Year | Annualized | Proforma Adjustment |
|---------------------------------------|--------------|--------------|---------------------|
| 5000 - Oper Supervision & Engineering | 6,060,375.10 | 5,949,260.76 | (111,114.34) |
| 5010 - Fuel | 419,862.33 | 412,222.96 | (7,639.37) |
| 5020 - Steam Expenses | 96,350.64 | 94,550.80 | (1,799.84) |
| 5050 - Electric Expenses | 2,492.59 | 2,446.58 | (46.01) |
| 5060 - Misc Steam Power Expenses | 397,196.25 | 389,950.47 | (7,245.78) |
| 5100 - Maint Supv & Engineering | 214,753.73 | 210,763.24 | (3,990.49) |
| 5110 - Maintenance of Structures | 339,063.62 | 332,601.47 | (6,462.15) |
| 5120 - Maintenance of Boiler Plant | 734,161.40 | 720,276.40 | (13,885.00) |
| 5130 - Maintenance of Electric Plant | 188,963.43 | 185,411.24 | (3,552.19) |
| 5140 - Maintenance of Misc Steam Plt | 69,068.41 | 67,753.36 | (1,315.05) |
| 5240 - Misc Nuclear Power Expenses | 0.47 | 0.46 | (0.01) |
| 5280 - Maint Supv & Engineering | 3,604.55 | 3,538.00 | (66.55) |
| 5290 - Maintenance of Structures | 211.67 | 207.62 | (4.05) |
| 5300 - Maint of Reactor Plant Equip | 10.84 | 10.96 | 0.12 |
| 5310 - Maintenance of Electric Plant | 8.00 | 7.84 | (0.16) |
| 5350 - Oper Supervision & Engineering | 2,728.00 | 2,678.15 | (49.85) |
| 5370 - Hydraulic Expenses | 264.36 | 259.55 | (4.81) |
| 5390 - Misc Hydr Power Generation Exp | 3,067.85 | 3,009.48 | (58.37) |
| 5450 - Maint of Misc Hydraulic Plant | 575.02 | 565.76 | (9.26) |
| 5510 - Maint Supv & Engineering | (8.53) | (8.62) | (0.09) |
| 5530 - Maintenance of Generating Plt | 6,650.75 | 6,527.88 | (122.87) |
| 5560 - Sys Control & Load Dispatching | 827,358.88 | 811,947.07 | (15,411.81) |
| 5570 - Other Expenses | 1,854,343.84 | 1,819,890.09 | (34,453.75) |
| 5600 - Oper Supervision & Engineering | 3,575,130.52 | 3,510,075.06 | (65,055.46) |
| 5612 - Load Dispatch-Mntr&Op TransSys | 557,248.07 | 546,966.41 | (10,281.66) |
| 5615 - Reliability,Plng&Stds Develop | 131,426.82 | 128,986.32 | (2,440.50) |
| 5620 - Station Expenses | 3,969.95 | 3,901.33 | (68.62) |
| 5630 - Overhead Line Expenses | 10,627.08 | 10,433.32 | (193.76) |
| 5660 - Misc Transmission Expenses | 793,724.23 | 779,153.36 | (14,570.87) |
| 5670 - Rents | 74.16 | 72.83 | (1.33) |
| 5680 - Maint Supv & Engineering | 5,397.51 | 5,298.84 | (98.67) |
| 5690 - Maintenance of Structures | 25.45 | 24.99 | (0.46) |
| 5691 - Maint of Computer Hardware | 5,177.00 | 5,080.69 | (96.31) |
| 5692 - Maint of Computer Software | 82,685.28 | 81,183.90 | (1,501.38) |
| 5700 - Maint of Station Equipment | 116,016.70 | 113,909.41 | (2,107.29) |
| 5710 - Maintenance of Overhead Lines | 12,529.73 | 12,306.37 | (223.36) |
| 5730 - Maint of Misc Trnsmssion Plt | 694.80 | 682.15 | (12.65) |
| 5800 - Oper Supervision & Engineering | 666,519.38 | 655,111.27 | (11,408.11) |
| 5820 - Station Expenses | 40,189.52 | 39,446.57 | (742.95) |
| 5830 - Overhead Line Expenses | 230.46 | 226.63 | (3.83) |
| 5840 - Underground Line Expenses | 7,870.79 | 7,738.83 | (131.96) |
| 5860 - Meter Expenses | 109,722.20 | 107,844.12 | (1,878.08) |
| 5880 - Miscellaneous Distribution Exp | 628,152.20 | 617,285.96 | (10,866.24) |
| 5900 - Maint Supv & Engineering | 4,924.23 | 4,841.55 | (82.68) |
| 5920 - Maint of Station Equipment | 49,481.30 | 48,581.07 | (900.23) |
| 5930 - Maintenance of Overhead Lines | 27,399.55 | 26,932.76 | (466.79) |

| | | | |
|---------------------------------------|----------------------|----------------------|---------------------|
| 5970 - Maintenance of Meters | 201.36 | 197.87 | (3.49) |
| 9010 - Supervision - Customer Accts | 47,205.35 | 46,401.75 | (803.60) |
| 9020 - Meter Reading Expenses | 82,431.18 | 80,986.10 | (1,445.08) |
| 9030 - Cust Records & Collection Exp | 5,635,793.08 | 5,542,904.90 | (92,888.18) |
| 9050 - Misc Customer Accounts Exp | 16,735.85 | 16,433.82 | (302.03) |
| 9070 - Supervision - Customer Service | 72,732.56 | 71,451.97 | (1,280.59) |
| 9080 - Customer Assistance Expenses | 43,067.93 | 42,257.63 | (810.30) |
| 9100 - Misc Cust Svc&Informational Ex | 10,697.72 | 10,583.25 | (114.47) |
| 9120 - Demonstrating & Selling Exp | 1,650.01 | 1,618.72 | (31.29) |
| 9200 - Administrative & Gen Salaries | 13,644,440.10 | 13,419,094.98 | (225,345.12) |
| 9210 - Office Supplies and Expenses | 5,233.69 | 5,288.84 | 55.15 |
| 9220 - Administrative Exp Trnsf - Cr | (0.00) | - | 0.00 |
| 9230 - Outside Services Employed | 636.32 | 626.04 | (10.28) |
| 9250 - Injuries and Damages | 8,333.32 | 8,179.64 | (153.68) |
| 9260 - Employee Pensions & Benefits | 14,125.21 | 13,877.24 | (247.97) |
| 9280 - Regulatory Commission Exp | 961,172.93 | 943,113.55 | (18,059.38) |
| 9301 - General Advertising Expenses | 207.44 | 203.72 | (3.72) |
| 9302 - Misc General Expenses | 111,977.54 | 110,047.08 | (1,930.46) |
| 9350 - Maintenance of General Plant | 114,368.52 | 112,472.02 | (1,896.50) |
| | <u>38,821,330.24</u> | <u>38,145,694.38</u> | <u>(675,635.86)</u> |

SWCPO request based on
annualized THE numbers
BJF-18, p13 of 19

(3,804,876)

staff adj to C. req. (4,480,512)

refer to Resp to Staff 5-24

189 AEPSC employees

accepted retirement incentive

Southwestern Electric Power Company
Adjust Headcount to Year-End Level
For the Test Year Ended March 31, 2020
Pro-Forma No. 7

| Line No | Description | FERC Account Number | Pro Forma Adjustment |
|---------|----------------------|---------------------------------------|----------------------|
| 1 | Headcount Adjustment | 5000 - Oper Supervision & Engineering | \$ 609,540 |
| 2 | | 5010 - Fuel | 42,067 |
| 3 | | 5020 - Steam Expenses | 9,783 |
| 4 | | 5050 - Electric Expenses | 252 |
| 5 | | 5060 - Misc Steam Power Expenses | 39,848 |
| 6 | | 5100 - Maint Supv & Engineering | 21,746 |
| 7 | | 5110 - Maintenance of Structures | 34,780 |
| 8 | | 5120 - Maintenance of Boiler Plant | 75,011 |
| 9 | | 5130 - Maintenance of Electric Plant | 19,247 |
| 10 | | 5140 - Maintenance of Misc Steam Plt | 7,081 |
| 11 | | 5240 - Misc Nuclear Power Expenses | 0 |
| 12 | | 5280 - Maint Supv & Engineering | 384 |
| 13 | | 5290 - Maintenance of Structures | 22 |
| 14 | | 5300 - Maint of Reactor Plant Equip | 0 |
| 15 | | 5310 - Maintenance of Electric Plant | 1 |
| 16 | | 5350 - Oper Supervision & Engineering | 274 |
| 17 | | 5370 - Hydraulic Expenses | 28 |
| 18 | | 5390 - Misc Hydr Power Generation Exp | 314 |
| 19 | | 5450 - Maint of Misc Hydraulic Plant | 54 |
| 20 | | 5510 - Maint Supv & Engineering | (0) |
| 21 | | 5530 - Maintenance of Generating Plt | 672 |
| 22 | | 5560 - Sys Control & Load Dispatching | 83,883 |
| 23 | | 5570 - Other Expenses | 187,762 |
| 24 | | 5600 - Oper Supervision & Engineering | 358,219 |
| 25 | | 5612 - Load Dispatch-Mntr&Op TransSys | 56,225 |
| 26 | | 5615 - Reliability,Plng&Stds Develop | 13,304 |
| 27 | | 5620 - Station Expenses | 388 |
| 28 | | 5630 - Overhead Line Expenses | 1,066 |
| 29 | | 5660 - Misc Transmission Expenses | 79,882 |
| 30 | | 5670 - Rents | 7 |
| 31 | | 5680 - Maint Supv & Engineering | 542 |
| 32 | | 5690 - Maintenance of Structures | 3 |
| 33 | | 5691 - Maint of Computer Hardware | 525 |
| 34 | | 5692 - Maint of Computer Software | 8,276 |
| 35 | | 5700 - Maint of Station Equipment | 11,614 |
| 36 | | 5710 - Maintenance of Overhead Lines | 1,243 |
| 37 | | 5730 - Maint of Misc Tmsmission Plt | 70 |
| 38 | | 5800 - Oper Supervision & Engineering | 64,796 |
| 39 | | 5820 - Station Expenses | 4,059 |
| 40 | | 5830 - Overhead Line Expenses | 22 |
| 41 | | 5840 - Underground Line Expenses | 758 |
| 42 | | 5860 - Meter Expenses | 10,667 |
| 43 | | 5880 - Miscellaneous Distribution Exp | 61,383 |
| 44 | | 5900 - Maint Supv & Engineering | 474 |
| 45 | | 5920 - Maint of Station Equipment | 4,957 |
| 46 | | 5930 - Maintenance of Overhead Lines | 2,658 |
| 47 | | 5970 - Maintenance of Meters | 20 |
| 48 | | 9010 - Supervision - Customer Accts | 4,577 |
| 49 | | 9020 - Meter Reading Expenses | 8,108 |
| 50 | | 9030 - Cust Records & Collection Exp | 538,030 |
| 51 | | 9050 - Misc Customer Accounts Exp | 1,870 |
| 52 | | 9070 - Supervision - Customer Service | 7,169 |
| 53 | | 9080 - Customer Assistance Expenses | 4,389 |
| 54 | | 9100 - Misc Cust Svc&Informational Ex | 851 |
| 55 | | 9120 - Demonstrating & Selling Exp | 169 |
| 56 | | 9200 - Administrative & Gen Salaries | 1,303,857 |
| 57 | | 9210 - Office Supplies and Expenses | 110 |
| 58 | | 9230 - Outside Services Employed | 60 |
| 59 | | 9250 - Injuries and Damages | 841 |
| 60 | | 9260 - Employee Pensions & Benefits | 1,390 |
| 61 | | 9280 - Regulatory Commission Exp | 97,877 |
| 62 | | 9301 - General Advertising Expenses | 21 |
| 63 | | 9302 - Misc General Expenses | 10,924 |
| 64 | | 9350 - Maintenance of General Plant | 10,950 |
| 65 | Total | | \$ 3,804,876 |

PURPOSE

To adjust test year AEPSC payroll charges to SWEPCO to correspond to test year end salaries and headcount. Also to include a merit increase for applicable employees.

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S SIXTH REQUEST FOR INFORMATION**

Question No. OPUC 6-1:

Please refer to SWEPCO's Response to Staff RFI No. 5-27. Please provide an explanation for the 3.61% increase in base payroll for SWEPCO employees as of October 30, 2020, when compared to the test year per books. Please include in your response an explanation of why the annualized payroll on October 30, 2020 reflects a pay increase that is over 25% greater than the base pay increase proposed by the Company in the filing.

Response No. OPUC 6-1:

The 3.0% base pay increase for merit eligible employees proposed by the Company in its filing inadvertently left out an additional 0.5% equity adjustment and line of progression promotional increase budget. Similarly, the 2.5% general increase for physical and craft employees proposed by the Company in its filing inadvertently left out an additional 0.5% market equity adjustment and a 0.5% geographic wage equalization adjustment each of which was focused on specific positions. Additional differences are likely attributable to opportunity promotions, physical and craft employees qualifying for higher jobs (e.g. Line Mechanic B to A), physical and craft employees qualifying for higher steps (e.g. Line Mechanic B, step 1 to step 2) pay, and step-up pay (employees taking on a higher paid role temporarily).

Prepared By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-24:

Has the Company experienced any reductions in force since the end of the test year? Does the Company anticipate any reductions in force between now and the end of the rate year? If the answer to either question is yes, please describe and quantify.

Response No. Staff 5-24:

Beginning June 8, 2020 through July 6, 2020, the company did offer a retirement incentive package to certain employees across the service company and SWEPCO. Only one SWEPCO employee accepted the retirement incentive package and a total of 189 employees reporting to AEPSC accepted the package.

Prepared By: Christopher N. Martel

Title: Regulatory Consultant Sr

Sponsored By: Lynn M. Ferry-Nelson

Title: Dir Regulatory Svcs

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

Question No. OPUC 8-3:

Please refer to SWEPCO's response to OPUC RFI No. 6-2, sponsored by Mr. Brian Frantz and Mr. Andrew Carlin. Please provide the amount of the annualized payroll that is included in SWEPCO's responses to Staff RFI Nos. 5-24 and 5-27 for each of the employees who accepted the retirement incentive package.

Response No. OPUC 8-3:

The annualized payroll expense included in SWEPCO's response to OPUC RFI No. 5-27 is not tracked for individual employees, therefore, the Company has not determined the amounts included in this response related to those employees who accepted the retirement incentive package.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

Question No. OPUC 8-2:

Please refer to SWEPCO's response to OPUC RFI No. 6-1, sponsored by Mr. Andrew Carlin. Please provide a detailed description of the "0.5% equity adjustment" and the "0.5% geographic wage equalization adjustment" given to union employees.

Response No. OPUC 8-2:

The 0.5% equity adjustment and 0.5% geographic wage equalization adjustment budgets were part of the total 3.5% wage increase budget collectively bargained with AEP's unions. AEP conducts internal pay equity analysis and external market compensation reviews. Based on both the bargaining positions of AEP's unions and these reviews, the 3-year contract for 2018, 2019 and 2020 included a 2.5% general increase annually for all classifications and combined 1.0% adjustment for geographic wage equalization across AEP's footprint and for market equity adjustments to close the wage gap with the external market competitive wages. This 1% adjustment was not applied equally to all classifications, but, instead, was targeted to job classifications with lower wages relative to other AEP locations and/or lower wages compared to market wage data. No job classification was increased to wages rates above the market median for that job classification.

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

Question No. OPUC 8-1:

Please refer to SWEPCO's response to OPUC RFI No. 6-1, sponsored by Mr. Andrew Carlin. Please provide a detailed description of the "0.5% equity adjustment" given to non-union employees. Please include in your response the percentage of the 0.5% that is for the equity adjustment and the percentage that is for progression promotional increase.

Response No. OPUC 8-1:

The instructions to managers on the allocation of the 0.5% combined budget for line of progression promotions and equity adjustments were as follows:

"Promotion/Equity Increases – Promotion and equity budget is 0.5%. These dollars will be used for promotions into new roles in higher grades, or for equity adjustments when pay is unjustifiably low relative to internal peers or external market. Promotion/equity dollars cannot be used to supplement the merit budget; please enter a merit increase for an employee before entering a promotion or equity adjustment."

Since line of progression promotions and equity adjustments both address a specific situation that may or may not have existed in any given department, a combined budget was provided for both types of pay increases and the portion to be used for each type was not specified. Given the relative rarity of these types of increases, the portion used for each type, if any, varied considerably by department.

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 4-5:

Payroll related expenses: Please provide the following information for each pay period in the test year for each employee group with a separate payroll annualization calculation in the Company's work papers to the extent that information is available, preferably in an Excel-compatible file with fully functional formulas:

- a. number of employees
- b. regular pay
- c. overtime pay
- d. compensated absences not included in b. above
- e. incentives or bonuses
- f. regular hours
- g. overtime hours

Response No. CARD 4-5:

See CARD_4-5_Attachment_1.xlsx for the payroll related information requested for each pay period in the test year.

CARD 4-5 Attachment 1 is available electronically on the PUC Interchange.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SOUTHWESTERN ELECTRIC POWER COMPANY
PAYROLL INFORMATION BY PAY PERIOD
FOR THE TEST YEAR ENDED 3/31/2020

SOAH Docket No. 473-21-0538
PUC Docket No. 51415
CARD's 4th, Q. # CARD 4-5
Attachment 1
Page 1 of 1

| Pay Period Start | Pay Period End | # employees | Base \$ | OT \$ | Incentives | Regular hours | OT hours |
|---------------------|-------------------|-------------|-----------|-----------|------------|------------------|----------|
| 3/23/2019 | 4/5/2019 | 1,468 | 4,890,366 | 680,018 | | 115,591 | 11,329 |
| 4/6/2019 | 4/19/2019 | 1,466 | 4,466,163 | 1,098,094 | | 115,581 | 19,127 |
| 4/20/2019 | 5/3/2019 | 1,464 | 4,713,760 | 918,223 | | 114,818 | 14,541 |
| 5/4/2019 | 5/17/2019 | 1,465 | 4,442,799 | 1,853,481 | | 110,653 | 33,297 |
| | 5/31/2019 | | | | 212,576 | | |
| 5/18/2019 | 5/31/2019 | 1,466 | 4,450,737 | 851,665 | | 115,777 | 14,607 |
| 6/1/2019 | 6/14/2019 | 1,460 | 4,861,941 | 662,982 | | 113,837 | 11,093 |
| 6/15/2019 | 6/28/2019 | 1,458 | 4,834,328 | 1,498,894 | | 109,515 | 27,078 |
| 6/29/2019 | 7/12/2019 | 1,457 | 4,305,578 | 635,793 | | 114,891 | 10,073 |
| 7/13/2019 | 7/26/2019 | 1,458 | 4,547,350 | 572,081 | | 119,503 | 9,174 |
| | 7/31/2019 | | | | 4,217,300 | | |
| 7/27/2019 | 8/9/2019 | 1,458 | 4,728,653 | 461,562 | | 115,439 | 8,458 |
| 8/10/2019 | 8/23/2019 | 1,463 | 4,766,116 | 571,524 | | 115,286 | 9,079 |
| 8/24/2019 | 9/6/2019 | 1,456 | 4,413,689 | 1,133,270 | | 111,872 | 18,499 |
| 9/7/2019 | 9/20/2019 | 1,459 | 4,947,345 | 611,285 | | 115,309 | 9,543 |
| 9/21/2019 | 10/4/2019 | 1,458 | 4,767,165 | 701,149 | | 115,218 | 11,524 |
| 10/5/2019 | 10/18/2019 | 1,460 | 4,692,385 | 821,989 | | 115,225 | 13,552 |
| | 10/31/2019 | | | | 47,386 | | |
| 10/19/2019 | 11/1/2019 | 1,459 | 4,698,138 | 1,339,597 | | 111,800 | 21,736 |
| 11/2/2019 | 11/15/2019 | 1,462 | 4,705,899 | 730,630 | | 115,519 | 12,260 |
| 11/16/2019 | 11/29/2019 | 1,463 | 4,222,627 | 567,792 | | 115,735 | 9,837 |
| 11/30/2019 | 12/13/2019 | 1,460 | 5,483,773 | 511,510 | | 115,343 | 8,169 |
| 12/14/2019 | 12/27/2019 | 1,463 | 3,736,159 | 415,793 | | 114,975 | 6,934 |
| 12/28/2019 | 1/10/2020 | 1,467 | 4,806,170 | 354,597 | | 115,451 | 5,768 |
| 1/11/2020 | 1/24/2020 | 1,459 | 5,684,168 | 839,737 | | 114,649 | 14,308 |
| 1/25/2020 | 2/7/2020 | 1,467 | 4,801,469 | 398,751 | | 115,901 | 6,575 |
| 2/8/2020 | 2/21/2020 | 1,468 | 4,709,963 | 417,410 | | 115,971 | 6,892 |
| | 2/29/2020 | | | | 1,715,974 | | |
| | 3/6/2020 | | | | 18,087,787 | | |
| 2/22/2020 | 3/6/2020 | 1,464 | 4,838,683 | 469,911 | | 115,775 | 7,872 |
| 3/7/2020 | 3/20/2020 | 1,459 | 4,657,639 | 422,971 | | 115,602 | 7,005 |
| | 3/31/2020 | | | | 11,624 | | |

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 4-6:

Payroll related expenses: Please provide the following information for each pay period following the test year through the latest available date for each employee group with a separate payroll annualization in the Company's work papers to the extent that information is available, preferably in an Excel-compatible file with fully functional formulas. Please update this response as additional pay periods become available:

- a. number of employees
- b. regular pay
- c. overtime pay
- d. compensated absences not included in b. above
- e. incentives or bonuses
- f. regular hours
- g. overtime hours

Response No. CARD 4-6:

See CARD_4-6_Attachment_1.xlsx for the SWEPCO payroll information requested for periods subsequent to the test year ended 3/31/2020.

CARD 4-6 Attachment 1 is available electronically on the PUC Interchange.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SOUTHWESTERN ELECTRIC POWER COMPANY
PAYROLL INFORMATION BY PAY PERIOD
FOR PAY PRIODS SUBSEQUENT TO THE TEST YEAR ENDED 3/31/2020

SOAH Docket No. 473-21-0538
PUC Docket No. 51415
CARD's 4th, Q. # CARD 4-6
Attachment 1
Page 1 of 1

| Pay Period Start | Pay Period End | # employees | Base \$ | OT \$ | Incentives | Regular hours | OT hours |
|---------------------|-------------------|-------------|-----------|-----------|------------|------------------|----------|
| 3/21/2020 | 4/3/2020 | 1,457 | 4,958,465 | 468,773 | | 115,486 | 7,724 |
| 4/4/2020 | 4/17/2020 | 1,458 | 4,348,428 | 1,376,585 | | 108,129 | 23,396 |
| 4/18/2020 | 5/1/2020 | 1,455 | 4,662,077 | 1,318,582 | | 111,693 | 22,542 |
| 5/2/2020 | 5/15/2020 | 1,454 | 4,753,040 | 669,120 | | 115,110 | 11,084 |
| 5/16/2020 | 5/29/2020 | 1,454 | 4,552,200 | 731,604 | | 115,150 | 11,254 |
| | 5/31/2020 | | | | 240,707 | | |
| 5/30/2020 | 6/12/2020 | 1,458 | 5,041,366 | 501,193 | | 115,201 | 8,377 |
| 6/13/2020 | 6/26/2020 | 1,455 | 4,759,874 | 516,917 | | 115,140 | 8,523 |
| 6/27/2020 | 7/10/2020 | 1,457 | 4,128,097 | 646,722 | | 115,311 | 10,227 |
| | 7/17/2020 | | | | 37,759 | | |
| 7/11/2020 | 7/24/2020 | 1,457 | 3,981,581 | 425,750 | | 115,066 | 8,207 |
| 7/25/2020 | 8/7/2020 | 1,455 | 3,847,432 | 1,511,896 | | 109,528 | 24,847 |
| 8/8/2020 | 8/21/2020 | 1,455 | 4,019,811 | 1,057,833 | | 112,374 | 16,305 |
| | 8/31/2020 | | | | 138,960 | | |
| 8/22/2020 | 9/4/2020 | 1,455 | 3,774,902 | 2,749,362 | | 103,703 | 47,886 |
| 9/5/2020 | 9/18/2020 | 1,457 | 3,665,517 | 1,507,012 | | 111,438 | 22,964 |
| 9/19/2020 | 10/2/2020 | 1,455 | 4,149,837 | 904,665 | | 114,122 | 13,688 |
| 10/3/2020 | 10/16/2020 | 1,454 | 4,046,063 | 1,389,713 | | 111,864 | 22,889 |
| | 10/31/2020 | | | | 35,431 | | |

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-32:

For each employee of SWEPCO, its parent company, or affiliate whose salary and benefits are in any way included in SWEPCO's revenue requirement and whose salary and benefits are subject to the \$1 million deductibility limit under the Tax Cuts and Jobs Act of 2017, provide for each individual the total compensation by type and the amount of such compensation included in SWEPCO's request by FERC account.

Response No. Staff 5-32:

Please refer to Staff 5-32 Attachment 1 for analysis of AEPSC employees subject to the \$1 million deductibility limit under the Tax Cuts and Jobs Act of 2017, and the amounts of compensation by type billed to SWEPCO during the test year by FERC Account for each individual. SWEPCO has no employees that meet this threshold.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINTH REQUEST FOR INFORMATION**

Question No. STAFF 9-6:

Refer to SWEPCO's response to Staff 5-32. Please confirm that all amounts reported are included in the Company's requested revenue requirement. If confirmed, please provide the location of such expenses in SWEPCO's request in this proceeding by schedule number, line number, and FERC account. For each separate amount identified in this response that is included in SWEPCO's requested revenue requirement, please provide the total amount billed to all AEP companies combined (including SWEPCO). If not included in SWEPCO's requested cost of service, please provide a reference to the associated pro forma adjustment by amount that was removed.

Response No. STAFF 9-6:

The amounts reported on the response to Staff 5-32 are not all included in the Company's requested revenue requirement. Please see Staff 9-6 Attachment 1 for the total amount billed to all AEP affiliates combined (including SWEPCO). Based on analysis of the associated pro forma adjustments made by the Company, approximately 72% of the Stock Awards were removed from the requested cost of service as part of the pro forma adjustment number 3 noted on page 12 of Company Witness Frantz' Direct Testimony. Approximately 64% of the Non-Equity Incentive Plan Compensation were removed from the requested cost of service as part of the pro forma adjustment number 2 noted on page 12 of Company Witness Frantz' Direct Testimony. All of the Supplemental Retirement Savings Plan amounts were removed from the requested cost of service as part of the pro forma adjustment number 11 noted on page 13 of Company Witness Frantz' Direct Testimony. The remaining amounts were included in the revenue requirement by FERC account as listed in the response to Staff 5-32.

Prepared By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

SOUTHWESTERN ELECTRIC POWER COMPANY
Executive Compensation
Billed from AEPSC to All AEP Affiliates by FERC Account by Type
For The Test Year Ended March 31, 2020

| Executive | FERC Acct | Salary | Stock Awards | Non-Equity Incentive Plan Compensation | Change in Pension Value and Nonqualified Deferred Compensation | | Retirement Savings Plan | Supplemental Retirement Savings Plan | Perquisites |
|--------------|---------------------------------------|-----------|--------------|-------------------------------------------|----------------------------------------------------------------------------|--------|----------------------------|--------------------------------------------|-------------|
| | | | | | | | | | |
| Executive #1 | 1880 - R&D Expenses | 11,236 | 66,815 | 27,411 | 4,037 | 96 | 589 | 165 | |
| Executive #1 | 4170 - Revenues from Non-Util Oper | 1,704 | 10,131 | 4,156 | 612 | 15 | 89 | 25 | |
| Executive #1 | 4264 - Civic & Political Activities | 34,976 | 207,986 | 85,328 | 12,566 | 299 | 1,835 | 513 | |
| Executive #1 | 5000 - Oper Supervision & Engineering | 29,119 | 173,156 | 71,038 | 10,461 | 249 | 1,527 | 427 | |
| Executive #1 | 5280 - Maint Supv & Engineering | 12,532 | 74,525 | 30,574 | 4,502 | 107 | 657 | 184 | |
| Executive #1 | 9200 - Administrative & Gen Salaries | 1,103,712 | 6,563,246 | 2,692,613 | 396,525 | 9,424 | 57,891 | 16,177 | |
| Executive #1 | 9230 - Outside Services Employed | 202,915 | 1,208,640 | 495,032 | 72,900 | 1,733 | 10,643 | 2,974 | |
| Executive #1 | 9302 - Misc General Expenses | 79,459 | 472,505 | 193,848 | 28,547 | 678 | 4,168 | 1,165 | |
| Executive #2 | 4170 - Revenues from Non-Util Oper | 96 | 527 | 134 | 28 | 2 | 6 | 3 | |
| Executive #2 | 9200 - Administrative & Gen Salaries | 579,505 | 3,190,630 | 812,729 | 171,196 | 12,413 | 39,024 | 15,354 | |
| Executive #2 | 9230 - Outside Services Employed | 8,654 | 47,645 | 12,136 | 2,556 | 185 | 583 | 229 | |
| Executive #3 | 1830 - Prelimin Surv&Investgtn Chrgs | 2,031 | 4,333 | 2,593 | 522 | 38 | 141 | 41 | |
| Executive #3 | 4170 - Revenues from Non-Util Oper | 461 | 983 | 589 | 118 | 9 | 32 | 9 | |
| Executive #3 | 5000 - Oper Supervision & Engineering | 1,863 | 3,974 | 2,378 | 478 | 35 | 130 | 37 | |
| Executive #3 | 9200 - Administrative & Gen Salaries | 502,153 | 1,071,076 | 641,035 | 128,935 | 9,338 | 34,978 | 10,106 | |
| Executive #3 | 9230 - Outside Services Employed | 153,151 | 326,665 | 195,508 | 39,324 | 2,848 | 10,668 | 3,082 | |
| Executive #3 | 9250 - Injuries and Damages | 17,193 | 36,672 | 21,948 | 4,415 | 320 | 1,188 | 346 | |
| Executive #3 | 9280 - Regulatory Commission Exp | 744 | 1,586 | 949 | 191 | 14 | 52 | 15 | |
| Executive #4 | 1070 - Construction Work In Progress | 41,022 | 75,704 | 53,330 | 14,749 | 840 | 2,797 | 1,352 | |
| Executive #4 | 4170 - Revenues from Non-Util Oper | 439 | 810 | 570 | 158 | 9 | 30 | 14 | |
| Executive #4 | 9200 - Administrative & Gen Salaries | 558,021 | 1,029,811 | 725,458 | 200,630 | 11,426 | 38,042 | 18,390 | |
| Executive #4 | 9230 - Outside Services Employed | 15,877 | 29,300 | 20,641 | 5,708 | 325 | 1,082 | 523 | |
| Executive #5 | 4170 - Revenues from Non-Util Oper | 590 | 3,026 | 810 | 350 | 9 | 47 | 15 | |
| Executive #5 | 9200 - Administrative & Gen Salaries | 724,887 | 3,715,369 | 994,490 | 429,735 | 11,517 | 57,549 | 18,281 | |
| Executive #5 | 9230 - Outside Services Employed | 87,562 | 346,285 | 92,691 | 40,053 | 1,073 | 5,364 | 1,704 | |
| Grand Total | | 4,149,901 | 18,659,400 | 7,178,000 | 1,569,298 | 63,000 | 269,123 | 91,131 | |

0

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 4-12:

Payroll related expenses: If the Company included an adjustment to payroll expenses that included pay increases after the end of the test year, please provide an explanation of the increase together with documentation supporting the amount and effective date of the increase.

Response No. CARD 4-12:

The Company increased payroll expense after the end of the test year to reflect a 2.75% merit increase budget for all employees, except those in physical and craft positions. This budget was implemented effective April 1, 2020 and is consistent with merit rates throughout the utility industry. April 1 has been AEP's common merit increase date for all employees for many years.

The Company also increased payroll expense after the end of test to reflect a 2.5% general increase for employees in physical and craft positions. This amount was negotiated for represented employees as part of a collective bargaining agreement. It was implemented in 2000 for represented and unrepresented employees on the anniversary dates of collective bargaining agreements. This amount is consistent with wage increase rates for physical and craft positions in the utility industry.

Please see CARD 4-12 Attachment 1 for excerpts from a presentation to the HR Committee of AEP's Board of Directors supporting the amount and timing of the above wage increases.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Prepared By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

STAFF ADJUSTMENT TO SWEPCO INCENTIVE

SOUTHWESTERN ELECTRIC POWER COMPANY

Annual Incentive Normalization

For the Test Year Ended March 31, 2020

SWEPCO Proposed

Adjustment @ RFP

Sch.a-3.2

Corrected Amt

Per Response

to OPUC 1-15

Staff

Adj. to

Co Request

| | | | | | Total should be \$ (3,916,929) | |
|-------------------|------------------------|---------------------|---------------------|-----------|-----------------------------------|-------------|
| Acct Reference | Exp Amt As Adjusted | TY Amt Per Books | Total Adjustment | | | |
| 5000 | \$ 231,337 | \$ 603,804 | \$ (372,466) | 9.6339% | \$ (377,352) | \$ (4,885) |
| 5010 | \$ 3,733 | \$ 9,636 | \$ (5,903) | 0.1527% | \$ (5,980) | \$ (77) |
| 5020 | \$ 437,142 | \$ 1,137,336 | \$ (700,194) | 18.1106% | \$ (709,378) | \$ (9,184) |
| 5050 | \$ 375,625 | \$ 974,759 | \$ (599,134) | 15.4966% | \$ (606,992) | \$ (7,858) |
| 5080 | \$ 901,968 | \$ (333,497) | \$ 1,235,465 | -31.9554% | \$ 1,251,670 | \$ 16,204 |
| 5100 | \$ 189,455 | \$ 490,228 | \$ (300,773) | 7.7795% | \$ (304,718) | \$ (3,945) |
| 5110 | \$ 42,159 | \$ 109,586 | \$ (67,427) | 1.7440% | \$ (68,312) | \$ (884) |
| 5120 | \$ 438,168 | \$ 1,135,833 | \$ (697,665) | 18.0451% | \$ (706,815) | \$ (9,151) |
| 5130 | \$ 113,023 | \$ 292,363 | \$ (179,340) | 4.6386% | \$ (181,692) | \$ (2,352) |
| 5140 | \$ 83,192 | \$ 216,504 | \$ (133,311) | 3.4481% | \$ (135,060) | \$ (1,749) |
| 5420 | \$ 5 | \$ 15 | \$ (9) | 0.0002% | \$ (10) | \$ (0) |
| 5440 | \$ 160 | \$ 411 | \$ (250) | 0.0065% | \$ (254) | \$ (3) |
| 5480 | \$ 10,411 | \$ 26,967 | \$ (16,555) | 0.4282% | \$ (16,772) | \$ (217) |
| 5520 | \$ 24 | \$ 63 | \$ (38) | 0.0010% | \$ (39) | \$ (1) |
| 5530 | \$ 15,338 | \$ 39,940 | \$ (24,602) | 0.6363% | \$ (24,925) | \$ (323) |
| 5600 | \$ 95,987 | \$ 226,295 | \$ (130,309) | 3.3704% | \$ (132,018) | \$ (1,709) |
| 5612 | \$ 45 | \$ 112 | \$ (67) | 0.0017% | \$ (68) | \$ (1) |
| 5620 | \$ 21,446 | \$ 49,876 | \$ (28,430) | 0.7353% | \$ (28,803) | \$ (373) |
| 5630 | \$ 613 | \$ 1,645 | \$ (1,033) | 0.0267% | \$ (1,046) | \$ (14) |
| 5660 | \$ 148,706 | \$ (124,373) | \$ 273,078 | -7.0632% | \$ 276,660 | \$ 3,582 |
| 5680 | \$ 124 | \$ 312 | \$ (187) | 0.0048% | \$ (190) | \$ (2) |
| 5690 | \$ 289 | \$ 630 | \$ (341) | 0.0088% | \$ (346) | \$ (4) |
| 5700 | \$ 65,684 | \$ 152,189 | \$ (86,504) | 2.2374% | \$ (87,639) | \$ (1,135) |
| 5710 | \$ 24,816 | \$ 58,328 | \$ (33,512) | 0.8668% | \$ (33,952) | \$ (440) |
| 5800 | \$ 20,217 | \$ 101,119 | \$ (80,902) | 2.0925% | \$ (81,963) | \$ (1,061) |
| 5820 | \$ 19,180 | \$ 44,209 | \$ (25,028) | 0.6474% | \$ (25,357) | \$ (328) |
| 5830 | \$ 34,696 | \$ 206,416 | \$ (171,720) | 4.4416% | \$ (173,973) | \$ (2,252) |
| 5840 | \$ 11,267 | \$ 71,582 | \$ (60,315) | 1.5601% | \$ (61,106) | \$ (791) |
| 5850 | \$ 215 | \$ 4,523 | \$ (4,309) | 0.1114% | \$ (4,365) | \$ (57) |
| 5860 | \$ 62,040 | \$ 401,214 | \$ (339,174) | 8.7728% | \$ (343,623) | \$ (4,449) |
| 5870 | \$ 5,707 | \$ 31,941 | \$ (26,234) | 0.6785% | \$ (26,578) | \$ (344) |
| 5880 | \$ 1,852,502 | \$ 289,216 | \$ 1,563,286 | -40.4345% | \$ 1,583,790 | \$ 20,504 |
| 5900 | \$ 3,485 | \$ 18,494 | \$ (15,009) | 0.3882% | \$ (15,206) | \$ (197) |
| 5910 | \$ 316 | \$ 689 | \$ (373) | 0.0096% | \$ (378) | \$ (5) |
| 5920 | \$ 37,288 | \$ 85,348 | \$ (48,059) | 1.2431% | \$ (48,690) | \$ (630) |
| 5930 | \$ 287,760 | \$ 1,452,909 | \$ (1,165,149) | 30.1366% | \$ (1,180,431) | \$ (15,282) |
| 5940 | \$ 3,094 | \$ 23,055 | \$ (19,961) | 0.5163% | \$ (20,223) | \$ (262) |
| 5950 | \$ 520 | \$ 9,649 | \$ (9,129) | 0.2361% | \$ (9,249) | \$ (120) |
| 5960 | \$ 1,790 | \$ 22,968 | \$ (21,178) | 0.5478% | \$ (21,456) | \$ (278) |
| 5970 | \$ 6,977 | \$ 42,166 | \$ (35,189) | 0.9102% | \$ (35,650) | \$ (462) |
| 5980 | \$ 3,243 | \$ 23,353 | \$ (20,110) | 0.5201% | \$ (20,374) | \$ (264) |
| 9010 | \$ 9,657 | \$ 72,943 | \$ (63,286) | 1.6369% | \$ (64,116) | \$ (830) |
| 9020 | \$ 34,074 | \$ 213,176 | \$ (179,102) | 4.6325% | \$ (181,451) | \$ (2,349) |
| 9030 | \$ 66,402 | \$ 336,882 | \$ (270,480) | 6.9960% | \$ (274,027) | \$ (3,548) |
| 9070 | \$ 20,655 | \$ 131,689 | \$ (111,035) | 2.8719% | \$ (112,491) | \$ (1,456) |
| 9080 | \$ 36,701 | \$ 270,726 | \$ (234,025) | 6.0531% | \$ (237,095) | \$ (3,069) |
| 9200 | \$ 109,584 | \$ 627,278 | \$ (517,694) | 13.3902% | \$ (524,484) | \$ (6,790) |
| 9220 | \$ 2 | \$ (7) | \$ 9 | -0.0002% | \$ 9 | \$ 0 |
| 9250 | \$ 14,000 | \$ 40,822 | \$ (26,823) | 0.6938% | \$ (27,175) | \$ (352) |
| 9280 | \$ (91) | \$ 152 | \$ (243) | 0.0063% | \$ (246) | \$ (3) |
| 9302 | \$ 10,317 | \$ 23,734 | \$ (13,417) | 0.3470% | \$ (13,593) | \$ (176) |
| 9350 | \$ 82,736 | \$ 184,797 | \$ (102,061) | 2.6398% | \$ (103,400) | \$ (1,339) |
| | \$ 5,933,784 | \$ 9,800,004 | \$ (3,866,220) | 100% | \$ (3,916,929) | \$ (50,709) |

Staff Adjustment to
SWEPCO Request

SOUTHWESTERN ELECTRIC POWER COMPANY
Annual Incentive Normalization
For the Test Year Ended March 31, 2020

SWEPCO Proposed
Adjustment @ RFP
Sch.a-3.2

Staff Adj -
Corrected Amt
Per Response
to OPUC 1-15

Total should be
\$ (3,916,929)

Staff
Adj. to
Co. Request

| Acct Reference | Exp Amt As Adjusted | TY Amt Per Books | Total Adjustment | | | |
|-------------------|------------------------|---------------------|---------------------|-----------|-------------|----------|
| 5000 | \$ 231,337 | \$ 603,804 | \$ (372,466) | 9.6339% | (377,352) | (4,885) |
| 5010 | \$ 3,733 | 9,636 | (5,903) | 0.1527% | (5,980) | (77) |
| 5020 | \$ 437,142 | 1,137,336 | (700,194) | 18.1106% | (709,378) | (9,184) |
| 5050 | \$ 375,625 | 974,759 | (599,134) | 15.4966% | (606,992) | (7,858) |
| 5060 | \$ 901,968 | (333,497) | 1,235,465 | -31.9554% | 1,251,670 | 16,204 |
| 5100 | \$ 189,455 | 490,228 | (300,773) | 7.7795% | (304,718) | (3,945) |
| 5110 | \$ 42,159 | 109,586 | (67,427) | 1.7440% | (68,312) | (884) |
| 5120 | \$ 438,168 | 1,135,833 | (697,665) | 18.0451% | (706,815) | (9,151) |
| 5130 | \$ 113,023 | 292,363 | (179,340) | 4.6386% | (181,692) | (2,352) |
| 5140 | \$ 83,192 | 216,504 | (133,311) | 3.4481% | (135,060) | (1,749) |
| 5420 | \$ 5 | 15 | (9) | 0.0002% | (10) | (0) |
| 5440 | \$ 160 | 411 | (250) | 0.0065% | (254) | (3) |
| 5480 | \$ 10,411 | 26,967 | (16,555) | 0.4282% | (16,772) | (217) |
| 5520 | \$ 24 | 63 | (38) | 0.0010% | (39) | (1) |
| 5530 | \$ 15,338 | 39,940 | (24,602) | 0.6363% | (24,925) | (323) |
| 5600 | \$ 95,987 | 226,295 | (130,309) | 3.3704% | (132,018) | (1,709) |
| 5612 | \$ 45 | 112 | (67) | 0.0017% | (68) | (1) |
| 5620 | \$ 21,448 | 49,876 | (28,430) | 0.7353% | (28,803) | (373) |
| 5630 | \$ 613 | 1,645 | (1,033) | 0.0267% | (1,046) | (14) |
| 5660 | \$ 148,706 | (124,373) | 273,078 | -7.0632% | 276,660 | 3,582 |
| 5680 | \$ 124 | 312 | (187) | 0.0048% | (190) | (2) |
| 5690 | \$ 289 | 630 | (341) | 0.0088% | (346) | (4) |
| 5700 | \$ 65,684 | 152,189 | (86,504) | 2.2374% | (87,639) | (1,135) |
| 5710 | \$ 24,816 | 58,328 | (33,512) | 0.8668% | (33,952) | (440) |
| 5800 | \$ 20,217 | 101,119 | (80,902) | 2.0925% | (81,963) | (1,061) |
| 5820 | \$ 19,180 | 44,209 | (25,028) | 0.6474% | (25,357) | (328) |
| 5830 | \$ 34,696 | 206,416 | (171,720) | 4.4416% | (173,973) | (2,252) |
| 5840 | \$ 11,267 | 71,582 | (60,315) | 1.5601% | (61,106) | (791) |
| 5850 | \$ 215 | 4,523 | (4,309) | 0.1114% | (4,365) | (57) |
| 5860 | \$ 62,040 | 401,214 | (339,174) | 8.7728% | (343,623) | (4,449) |
| 5870 | \$ 5,707 | 31,941 | (26,234) | 0.6785% | (26,578) | (344) |
| 5880 | \$ 1,852,502 | 289,216 | 1,563,286 | -40.4345% | 1,583,790 | 20,504 |
| 5900 | \$ 3,485 | 18,494 | (15,009) | 0.3882% | (15,206) | (197) |
| 5910 | \$ 316 | 689 | (373) | 0.0096% | (378) | (5) |
| 5920 | \$ 37,288 | 85,348 | (48,059) | 1.2431% | (48,690) | (630) |
| 5930 | \$ 287,760 | 1,452,909 | (1,165,149) | 30.1366% | (1,180,431) | (15,282) |
| 5940 | \$ 3,094 | 23,055 | (19,961) | 0.5163% | (20,223) | (262) |
| 5950 | \$ 520 | 9,649 | (9,129) | 0.2361% | (9,249) | (120) |
| 5960 | \$ 1,790 | 22,968 | (21,178) | 0.5478% | (21,456) | (278) |
| 5970 | \$ 6,977 | 42,166 | (35,189) | 0.9102% | (35,650) | (462) |
| 5980 | \$ 3,243 | 23,353 | (20,110) | 0.5201% | (20,374) | (264) |
| 9010 | \$ 9,657 | 72,943 | (63,286) | 1.6369% | (64,116) | (830) |
| 9020 | \$ 34,074 | 213,176 | (179,102) | 4.6325% | (181,451) | (2,349) |
| 9030 | \$ 66,402 | 336,882 | (270,480) | 6.9960% | (274,027) | (3,548) |
| 9070 | \$ 20,655 | 131,689 | (111,035) | 2.8719% | (112,491) | (1,456) |
| 9080 | \$ 36,701 | 270,726 | (234,025) | 6.0531% | (237,095) | (3,069) |
| 9200 | \$ 109,584 | 627,278 | (517,694) | 13.3902% | (524,484) | (6,790) |
| 9220 | \$ 2 | (7) | 9 | -0.0002% | 9 | 0 |
| 9250 | \$ 14,000 | 40,822 | (26,823) | 0.6938% | (27,175) | (352) |
| 9280 | \$ (91) | 152 | (243) | 0.0063% | (246) | (3) |
| 9302 | \$ 10,317 | 23,734 | (13,417) | 0.3470% | (13,593) | (176) |
| 9350 | \$ 82,736 | 184,797 | (102,061) | 2.6398% | (103,400) | (1,339) |
| | \$ 5,933,784 | \$ 9,800,004 | \$ (3,866,220) | 100% | (3,916,929) | (50,709) |

SOUTHWESTERN ELECTRIC POWER COMPANY
Annual Incentive Normalization
For the Test Year Ended March 31, 2020

| Line No. | (1) Description | (2) Schedule A Reference | (3) Workpaper Reference | (4) Acct Reference | (5) Exp Amt As Adjusted | (6) TY Amt Per Books | (7) Total Adjustment |
|----------|--------------------------------|-----------------------------|----------------------------|-----------------------|----------------------------|-------------------------|-------------------------|
| 1 | Annual Incentive Normalization | Sch A, In 4 | WP/A-3.2 | 5000 | \$ 231,337 | \$ 603,804 | \$ (372,466) |
| 2 | | Sch A, In 3 | WP/A-3.2 | 5010 | \$ 3,733 | 9,636 | (5,903) |
| 3 | | Sch A, In 4 | WP/A-3.2 | 5020 | \$ 437,142 | 1,137,336 | (700,194) |
| 4 | | Sch A, In 4 | WP/A-3.2 | 5050 | \$ 375,625 | 974,759 | (599,134) |
| 5 | | Sch A, In 4 | WP/A-3.2 | 5060 | \$ 901,968 | (333,497) | 1,235,465 |
| 6 | | Sch A, In 4 | WP/A-3.2 | 5100 | \$ 189,455 | 490,228 | (300,773) |
| 7 | | Sch A, In 4 | WP/A-3.2 | 5110 | \$ 42,159 | 109,586 | (67,427) |
| 8 | | Sch A, In 4 | WP/A-3.2 | 5120 | \$ 438,168 | 1,135,833 | (697,665) |
| 9 | | Sch A, In 4 | WP/A-3.2 | 5130 | \$ 113,023 | 292,363 | (179,340) |
| 10 | | Sch A, In 4 | WP/A-3.2 | 5140 | \$ 83,192 | 216,504 | (133,311) |
| 11 | | Sch A, In 4 | WP/A-3.2 | 5420 | \$ 5 | 15 | (9) |
| 12 | | Sch A, In 4 | WP/A-3.2 | 5440 | \$ 160 | 411 | (250) |
| 13 | | Sch A, In 4 | WP/A-3.2 | 5480 | \$ 10,411 | 26,967 | (16,555) |
| 14 | | Sch A, In 4 | WP/A-3.2 | 5520 | \$ 24 | 63 | (38) |
| 15 | | Sch A, In 4 | WP/A-3.2 | 5530 | \$ 15,338 | 39,940 | (24,602) |
| 16 | | Sch A, In 4 | WP/A-3.2 | 5600 | \$ 95,987 | 225,295 | (130,309) |
| 17 | | Sch A, In 4 | WP/A-3.2 | 5612 | \$ 45 | 112 | (67) |
| 18 | | Sch A, In 4 | WP/A-3.2 | 5620 | \$ 21,446 | 49,876 | (28,430) |
| 19 | | Sch A, In 4 | WP/A-3.2 | 5630 | \$ 613 | 1,645 | (1,033) |
| 20 | | Sch A, In 4 | WP/A-3.2 | 5660 | \$ 148,706 | (124,373) | 273,078 |
| 21 | | Sch A, In 4 | WP/A-3.2 | 5680 | \$ 124 | 312 | (187) |
| 22 | | Sch A, In 4 | WP/A-3.2 | 5690 | \$ 289 | 630 | (341) |
| 23 | | Sch A, In 4 | WP/A-3.2 | 5700 | \$ 65,684 | 152,189 | (86,504) |
| 24 | | Sch A, In 4 | WP/A-3.2 | 5710 | \$ 24,816 | 58,328 | (33,512) |
| 25 | | Sch A, In 4 | WP/A-3.2 | 5800 | \$ 20,217 | 101,119 | (80,902) |
| 26 | | Sch A, In 4 | WP/A-3.2 | 5820 | \$ 19,180 | 44,209 | (25,028) |
| 27 | | Sch A, In 4 | WP/A-3.2 | 5830 | \$ 34,696 | 206,416 | (171,720) |
| 28 | | Sch A, In 4 | WP/A-3.2 | 5840 | \$ 11,267 | 71,582 | (60,315) |
| 29 | | Sch A, In 4 | WP/A-3.2 | 5850 | \$ 215 | 4,523 | (4,309) |
| 30 | | Sch A, In 4 | WP/A-3.2 | 5860 | \$ 62,040 | 401,214 | (339,174) |
| 31 | | Sch A, In 4 | WP/A-3.2 | 5870 | \$ 5,707 | 31,941 | (26,234) |
| 32 | | Sch A, In 4 | WP/A-3.2 | 5880 | \$ 1,852,502 | 289,216 | 1,563,286 |
| 33 | | Sch A, In 4 | WP/A-3.2 | 5900 | \$ 3,485 | 18,494 | (15,009) |
| 34 | Annual Incentive Normalization | Sch A, In 4 | WP/A-3.2 | 5910 | \$ 316 | 689 | (373) |
| 35 | | Sch A, In 4 | WP/A-3.2 | 5920 | \$ 37,288 | 85,348 | (48,059) |
| 36 | | Sch A, In 4 | WP/A-3.2 | 5930 | \$ 287,760 | 1,452,909 | (1,165,149) |
| 37 | | Sch A, In 4 | WP/A-3.2 | 5940 | \$ 3,094 | 23,055 | (19,961) |
| 38 | | Sch A, In 4 | WP/A-3.2 | 5950 | \$ 520 | 9,649 | (9,129) |
| 39 | | Sch A, In 4 | WP/A-3.2 | 5960 | \$ 1,790 | 22,968 | (21,178) |
| 40 | | Sch A, In 4 | WP/A-3.2 | 5970 | \$ 6,977 | 42,166 | (35,189) |
| 41 | | Sch A, In 4 | WP/A-3.2 | 5980 | \$ 3,243 | 23,353 | (20,110) |
| 42 | | Sch A, In 4 | WP/A-3.2 | 9010 | \$ 9,657 | 72,943 | (63,286) |
| 43 | | Sch A, In 4 | WP/A-3.2 | 9020 | \$ 34,074 | 213,176 | (179,102) |
| 44 | | Sch A, In 4 | WP/A-3.2 | 9030 | \$ 66,402 | 336,882 | (270,480) |
| 45 | | Sch A, In 4 | WP/A-3.2 | 9070 | \$ 20,655 | 131,689 | (111,035) |
| 46 | | Sch A, In 4 | WP/A-3.2 | 9080 | \$ 36,701 | 270,726 | (234,025) |
| 47 | | Sch A, In 4 | WP/A-3.2 | 9200 | \$ 109,584 | 627,278 | (517,694) |
| 48 | | Sch A, In 4 | WP/A-3.2 | 9220 | \$ 2 | (7) | 9 |
| 49 | | Sch A, In 4 | WP/A-3.2 | 9250 | \$ 14,000 | 40,822 | (26,823) |
| 50 | | Sch A, In 4 | WP/A-3.2 | 9280 | \$ (91) | 152 | (243) |
| 51 | | Sch A, In 4 | WP/A-3.2 | 9302 | \$ 10,317 | 23,734 | (13,417) |
| 52 | | Sch A, In 4 | WP/A-3.2 | 9350 | \$ 82,736 | 184,797 | (102,061) |
| 53 | Total | | | | \$ 5,933,784 | \$ 9,900,004 | \$ (3,966,220) |

Justification for requested adjustment:

Adjust annual ICP expense to reflect a normalized payout target level of 1.0 and remove 1/2 of funding measures. The discussion of this adjustment can be found in the testimonies of Mr. Michael Baird and Mr. Andrew Carlin.

STAFF ADJUSTMENT TO AEPSC INCENTIVE COMPENSATION

| From Exhibit BJF-18 | BJF 18-2 | | CARD 10-1 BJF 18-1,4,5 | BJF-18 | Percent of Total | Correct Amt. Resp. to OPUC-15 | Staff adj. to SWEPCO Request |
|---------------------------------------|-------------------------------|-------------------------|---------------------------|-----------------------------|------------------|-------------------------------------|------------------------------------|
| FERC Account Number | Total Company Per Books | Pro Forma Adjustment | Other Adjs | Total Company Request | | \$3,151,599 | |
| 5000 - Oper Supervision & Engineering | \$ 1,675,342 | \$ (984,923) | | \$ 690,418 | 21.8644% | \$ 689,078 | \$ (1,341) |
| 5010 - Fuel | \$ 111,500 | \$ (65,080) | | \$ 46,440 | 1.4707% | \$ 46,350 | \$ (90) |
| 5020 - Steam Expenses | \$ 29,794 | \$ (17,415) | | \$ 12,379 | 0.3920% | \$ 12,355 | \$ (24) |
| 5050 - Electric Expenses | \$ 488 | \$ (294) | | \$ 173 | 0.0055% | \$ 173 | \$ (0) |
| 5060 - Misc Steam Power Expenses | \$ (1,152,761) | \$ 757,039 | | \$ (395,722) | -12.5319% | \$ (394,954) | \$ 768 |
| 5100 - Maint Supv & Engineering | \$ 51,388 | \$ (30,869) | | \$ 20,419 | 0.6466% | \$ 20,379 | \$ (40) |
| 5110 - Maintenance of Structures | \$ 69,882 | \$ (39,361) | | \$ 30,521 | 0.9665% | \$ 30,461 | \$ (59) |
| 5120 - Maintenance of Boiler Plant | \$ 276,408 | \$ (168,652) | | \$ 109,756 | 3.4758% | \$ 109,543 | \$ (213) |
| 5130 - Maintenance of Electric Plant | \$ 67,210 | \$ (40,383) | | \$ 26,827 | 0.8496% | \$ 26,775 | \$ (52) |
| 5140 - Maintenance of Misc Steam Plt | \$ 11,988 | \$ (6,767) | | \$ 5,219 | 0.1653% | \$ 5,209 | \$ (10) |
| 5240 - Misc Nuclear Power Expenses | \$ 0 | \$ (0) | | \$ - | 0.0000% | \$ - | \$ - |
| 5280 - Maint Supv & Engineering | \$ 1,011 | \$ (598) | | \$ 414 | 0.0131% | \$ 413 | \$ (1) |
| 5290 - Maintenance of Structures | \$ 37 | \$ (23) | | \$ 14 | 0.0004% | \$ 14 | \$ (0) |
| 5300 - Maint of Reactor Plant Equip | \$ 3 | \$ (2) | | \$ 1 | 0.0000% | \$ 1 | \$ (0) |
| 5310 - Maintenance of Electric Plant | \$ 1 | \$ (1) | | \$ 0 | 0.0000% | \$ 0 | \$ (0) |
| 5350 - Oper Supervision & Engineering | \$ 654 | \$ (387) | | \$ 267 | 0.0084% | \$ 266 | \$ (1) |
| 5370 - Hydraulic Expenses | \$ 75 | \$ (46) | | \$ 29 | 0.0009% | \$ 28 | \$ (0) |
| 5390 - Misc Hydr Power Generation Exp | \$ 551 | \$ (343) | | \$ 208 | 0.0066% | \$ 208 | \$ (0) |
| 5450 - Maint of Misc Hydraulic Plant | \$ 90 | \$ (42) | | \$ 48 | 0.0015% | \$ 48 | \$ (0) |
| 5510 - Maint Supv & Engineering | \$ (3) | \$ 2 | | \$ (1) | 0.0000% | \$ (1) | \$ 0 |
| 5530 - Maintenance of Generating Plt | \$ 1,749 | \$ (1,074) | | \$ 675 | 0.0214% | \$ 674 | \$ (1) |
| 5560 - Sys Control & Load Dispatching | \$ 224,640 | \$ (131,015) | | \$ 93,625 | 2.9650% | \$ 93,443 | \$ (182) |
| 5570 - Other Expenses | \$ 526,044 | \$ (312,317) | | \$ 214,327 | 6.7874% | \$ 213,911 | \$ (416) |
| 5600 - Oper Supervision & Engineering | \$ 878,221 | \$ (548,347) | | \$ 329,874 | 10.4466% | \$ 329,234 | \$ (640) |
| 5612 - Load Dispatch-Vnlr&Op TransSys | \$ 131,443 | \$ (82,188) | | \$ 49,275 | 1.5605% | \$ 49,179 | \$ (96) |
| 5615 - Reliability,Plng&Sids Develop | \$ 32,061 | \$ (20,060) | | \$ 12,001 | 0.3801% | \$ 11,978 | \$ (23) |
| 5620 - Station Expenses | \$ 823 | \$ (504) | | \$ 319 | 0.0101% | \$ 318 | \$ (1) |
| 5630 - Overhead Line Expenses | \$ 2,871 | \$ (1,785) | | \$ 1,086 | 0.0344% | \$ 1,084 | \$ (2) |
| 5680 - Misc Transmission Expenses | \$ 190,250 | \$ (117,988) | | \$ 72,262 | 2.2884% | \$ 72,122 | \$ (140) |
| 5670 - Rents | \$ 11 | \$ (7) | | \$ 4 | 0.0001% | \$ 4 | \$ (0) |
| 5680 - Maint Supv & Engineering | \$ 1,281 | \$ (817) | | \$ 464 | 0.0147% | \$ 463 | \$ (1) |
| 5690 - Maintenance of Structures | \$ 13 | \$ (9) | | \$ 5 | 0.0001% | \$ 5 | \$ (0) |
| 5691 - Maint of Computer Hardware | \$ 1,177 | \$ (737) | | \$ 439 | 0.0139% | \$ 438 | \$ (1) |
| 5692 - Maint of Computer Software | \$ 19,015 | \$ (11,868) | | \$ 7,147 | 0.2263% | \$ 7,133 | \$ (14) |
| 5700 - Maint of Station Equipment | \$ 28,939 | \$ (18,182) | | \$ 10,777 | 0.3413% | \$ 10,756 | \$ (21) |
| 5710 - Maintenance of Overhead Lines | \$ 4,278 | \$ (2,719) | | \$ 1,559 | 0.0494% | \$ 1,556 | \$ (3) |
| 5730 - Maint of Misc Trmsmission Plt | \$ 195 | \$ (122) | | \$ 73 | 0.0023% | \$ 73 | \$ (0) |
| 5800 - Oper Supervision & Engineering | \$ 200,838 | \$ (124,340) | | \$ 76,497 | 2.4225% | \$ 76,349 | \$ (149) |
| 5820 - Station Expenses | \$ 8,921 | \$ (5,538) | | \$ 3,388 | 0.1072% | \$ 3,379 | \$ (7) |
| 5830 - Overhead Line Expenses | \$ 85 | \$ (43) | | \$ 22 | 0.0007% | \$ 22 | \$ (0) |
| 5840 - Underground Line Expenses | \$ 2,473 | \$ (1,553) | | \$ 920 | 0.0291% | \$ 919 | \$ (2) |
| 5860 - Motor Expenses | \$ 25,294 | \$ (18,111) | | \$ 9,183 | 0.2908% | \$ 9,165 | \$ (18) |
| 5880 - Miscellaneous Distribution Exp | \$ (387,100) | \$ 255,041 | | \$ (132,059) | -4.1821% | \$ (131,803) | \$ 256 |
| 5900 - Maint Supv & Engineering | \$ 1,654 | \$ (1,035) | | \$ 619 | 0.0196% | \$ 618 | \$ (1) |
| 5920 - Maint of Station Equipment | \$ 12,493 | \$ (7,812) | | \$ 4,681 | 0.1482% | \$ 4,671 | \$ (9) |
| 5930 - Maintenance of Overhead Lines | \$ 7,792 | \$ (4,843) | | \$ 2,849 | 0.0902% | \$ 2,844 | \$ (6) |
| 5970 - Maintenance of Meters | \$ 40 | \$ (25) | | \$ 14 | 0.0005% | \$ 14 | \$ (0) |
| 9010 - Supervision - Customer Accts | \$ 8,989 | \$ (5,724) | | \$ 3,264 | 0.1034% | \$ 3,258 | \$ (6) |
| 9020 - Motor Reading Expenses | \$ 15,599 | \$ (9,895) | | \$ 5,704 | 0.1806% | \$ 5,693 | \$ (11) |
| 9030 - Cust Records & Collection Exp | \$ 1,126,010 | \$ (718,889) | | \$ 407,121 | 12.8928% | \$ 406,330 | \$ (790) |
| 9050 - Misc Customer Accounts Exp | \$ 2,844 | \$ (1,810) | | \$ 1,034 | 0.0327% | \$ 1,032 | \$ (2) |
| 9070 - Supervision - Customer Service | \$ 14,053 | \$ (9,005) | | \$ 5,048 | 0.1598% | \$ 5,038 | \$ (10) |
| 9080 - Customer Assistance Expenses | \$ 8,083 | \$ (5,188) | | \$ 2,897 | 0.0917% | \$ 2,891 | \$ (6) |
| 9100 - Misc Cust Svc&Informational Ex | \$ 2,968 | \$ (1,807) | | \$ 1,161 | 0.0368% | \$ 1,159 | \$ (2) |
| 9120 - Demonstrating & Selling Exp | \$ 171 | \$ (80) | | \$ 91 | 0.0029% | \$ 91 | \$ (0) |
| 9200 - Administrative & Gen Salaries | \$ 4,383,996 | \$ (2,763,992) | \$ (298,648) | \$ 1,303,355 | 41.2751% | \$ 1,300,825 | \$ (2,531) |
| 9210 - Office Supplies and Expenses | \$ 1,537 | \$ (954) | | \$ 584 | 0.0185% | \$ 582 | \$ (1) |
| 9220 - Administrative Exp Trnsf - Cr | \$ - | \$ - | | \$ - | 0.0000% | \$ - | \$ - |
| 9230 - Outside Services Employed | \$ (33,147) | \$ 21,586 | | \$ (11,560) | -0.3661% | \$ (11,538) | \$ 22 |
| 9250 - Injuries and Damages | \$ 3,681 | \$ (2,428) | | \$ 1,253 | 0.0397% | \$ 1,251 | \$ (2) |
| 9260 - Employee Pensions & Benefits | \$ 3,605 | \$ (2,333) | | \$ 1,273 | 0.0403% | \$ 1,270 | \$ (2) |
| 9280 - Regulatory Commission Exp | \$ 308,662 | \$ (200,371) | | \$ 108,291 | 3.4294% | \$ 108,081 | \$ (210) |
| 9301 - General Advertising Expenses | \$ 27 | \$ (18) | | \$ 9 | 0.0003% | \$ 9 | \$ (0) |
| 9302 - Misc General Expenses | \$ 27,889 | \$ (17,238) | | \$ 10,451 | 0.3310% | \$ 10,431 | \$ (20) |
| 9350 - Maintenance of General Plant | \$ 27,771 | \$ (17,451) | | \$ 10,320 | 0.3268% | \$ 10,300 | \$ (20) |
| Total | \$ 8,942,256 | \$ (5,487,878) | \$ (298,648) | \$ 3,157,730 | 100.0000% | \$ 3,151,599 | \$ (6,131) |

Staff adjustment to
SWEPCO request

ADJUSTMENT TO AEPSC INCENTIVE COMPENSATION

| FERC Account Number | Total Company Per Books | BIF 18-2 Pro Forma Adjustment | CARD 10-1 BIF 18-1,4,5 Other Adjs | BIF-18 Total Company Request | Percent of Total | Correct Amt Resp. to OPUC-15 \$3,151,599 | Staff adj. to SWEPCO Request |
|---------------------------------------|-------------------------------|-------------------------------------|-----------------------------------------|---------------------------------------|------------------|---------------------------------------------------|------------------------------------|
| | | | | | | | |
| 5000 - Oper Supervision & Engineering | \$ 1,675,342 | \$ (984,923) | | \$ 890,418 | 21.8644% | 689,078 | (1,341) |
| 5010 - Fuel | 111,500 | (65,060) | | 46,440 | 1.4707% | 46,350 | (90) |
| 5020 - Steam Expenses | 29,794 | (17,415) | | 12,379 | 0.3920% | 12,355 | (24) |
| 5050 - Electric Expenses | 468 | (294) | | 173 | 0.0055% | 173 | (0) |
| 5060 - Misc Steam Power Expenses | (1,152,761) | 757,039 | | (395,722) | -12.5319% | (394,954) | 768 |
| 5100 - Maint Supv & Engineering | 51,388 | (30,969) | | 20,419 | 0.6466% | 20,379 | (40) |
| 5110 - Maintenance of Structures | 69,882 | (39,361) | | 30,521 | 0.9665% | 30,461 | (59) |
| 5120 - Maintenance of Boiler Plant | 276,408 | (166,652) | | 109,756 | 3.4758% | 109,543 | (213) |
| 5130 - Maintenance of Electric Plant | 67,210 | (40,383) | | 26,827 | 0.8496% | 26,775 | (52) |
| 5140 - Maintenance of Misc Steam Plt | 11,986 | (5,767) | | 5,219 | 0.1653% | 5,209 | (10) |
| 5240 - Misc Nuclear Power Expenses | 0 | (0) | | - | 0.0000% | - | - |
| 5280 - Maint Supv & Engineering | 1,011 | (598) | | 414 | 0.0131% | 413 | (1) |
| 5290 - Maintenance of Structures | 37 | (23) | | 14 | 0.0004% | 14 | (0) |
| 5300 - Maint of Reactor Plant Equip | 3 | (2) | | 1 | 0.0000% | 1 | (0) |
| 5310 - Maintenance of Electric Plant | 1 | (1) | | 0 | 0.0000% | 0 | (0) |
| 5350 - Oper Supervision & Engineering | 654 | (387) | | 267 | 0.0084% | 266 | (1) |
| 5370 - Hydraulic Expenses | 75 | (46) | | 28 | 0.0009% | 28 | (0) |
| 5390 - Misc Hydr Power Generation Exp | 551 | (343) | | 208 | 0.0066% | 208 | (0) |
| 5450 - Maint of Misc Hydraulic Plant | 90 | (42) | | 48 | 0.0015% | 48 | (0) |
| 5510 - Maint Supv & Engineering | (3) | 2 | | (1) | 0.0000% | (1) | 0 |
| 5530 - Maintenance of Generating Plt | 1,749 | (1,074) | | 675 | 0.0214% | 674 | (1) |
| 5560 - Sys Control & Load Dispatching | 224,540 | (131,015) | | 93,525 | 2.9650% | 93,443 | (182) |
| 5570 - Other Expenses | 526,644 | (312,317) | | 214,327 | 6.7874% | 213,911 | (416) |
| 5600 - Oper Supervision & Engineering | 878,221 | (548,347) | | 329,874 | 10.4466% | 329,234 | (640) |
| 5612 - Load Dispatch-Mnt&Op TransSys | 131,443 | (82,168) | | 49,275 | 1.5605% | 49,179 | (96) |
| 5615 - Reliability, Ping&Stds Develop | 32,061 | (20,060) | | 12,001 | 0.3801% | 11,978 | (23) |
| 5620 - Station Expenses | 823 | (504) | | 319 | 0.0101% | 318 | (1) |
| 5630 - Overhead Line Expenses | 2,871 | (1,785) | | 1,086 | 0.0344% | 1,084 | (2) |
| 5660 - Misc Transmission Expenses | 190,250 | (117,988) | | 72,262 | 2.2884% | 72,122 | (140) |
| 5670 - Rents | 11 | (7) | | 4 | 0.0001% | 4 | (0) |
| 5680 - Maint Supv & Engineering | 1,281 | (817) | | 464 | 0.0147% | 463 | (1) |
| 5690 - Maintenance of Structures | 13 | (9) | | 5 | 0.0001% | 5 | (0) |
| 5691 - Maint of Computer Hardware | 1,177 | (737) | | 439 | 0.0139% | 438 | (1) |
| 5692 - Maint of Computer Software | 19,015 | (11,668) | | 7,147 | 0.2263% | 7,133 | (14) |
| 5700 - Maint of Station Equipment | 28,939 | (18,162) | | 10,777 | 0.3413% | 10,756 | (21) |
| 5710 - Maintenance of Overhead Lines | 4,278 | (2,719) | | 1,559 | 0.0494% | 1,556 | (3) |
| 5730 - Maint of Misc Tmsmission Plt | 195 | (122) | | 73 | 0.0023% | 73 | (0) |
| 5800 - Oper Supervision & Engineering | 200,838 | (124,340) | | 76,497 | 2.4225% | 76,349 | (149) |
| 5820 - Station Expenses | 8,921 | (5,536) | | 3,386 | 0.1072% | 3,379 | (7) |
| 5830 - Overhead Line Expenses | 65 | (43) | | 22 | 0.0007% | 22 | (0) |
| 5840 - Underground Line Expenses | 2,473 | (1,553) | | 920 | 0.0291% | 919 | (2) |
| 5860 - Meter Expenses | 25,294 | (16,111) | | 9,183 | 0.2908% | 9,165 | (18) |
| 5880 - Miscellaneous Distribution Exp | (387,100) | 255,041 | (296,648) | (132,059) | -4.1821% | (131,803) | 256 |
| 5900 - Maint Supv & Engineering | 1,654 | (1,035) | | 619 | 0.0196% | 618 | (1) |
| 5920 - Maint of Station Equipment | 12,493 | (7,812) | | 4,681 | 0.1482% | 4,671 | (9) |
| 5930 - Maintenance of Overhead Lines | 7,792 | (4,943) | | 2,849 | 0.0902% | 2,844 | (6) |
| 5970 - Maintenance of Motors | 40 | (25) | | 14 | 0.0005% | 14 | (0) |
| 9010 - Supervision - Customer Accts | 8,989 | (5,724) | | 3,264 | 0.1034% | 3,258 | (6) |
| 9020 - Meter Reading Expenses | 15,599 | (9,895) | | 5,704 | 0.1806% | 5,693 | (11) |
| 9030 - Cust Records & Collection Exp | 1,126,010 | (718,889) | | 407,121 | 12.8928% | 406,330 | (790) |
| 9050 - Misc Customer Accounts Exp | 2,844 | (1,810) | | 1,034 | 0.0327% | 1,032 | (2) |
| 9070 - Supervision - Customer Service | 14,053 | (9,005) | | 5,048 | 0.1598% | 5,038 | (10) |
| 9080 - Customer Assistance Expenses | 8,083 | (5,186) | | 2,897 | 0.0917% | 2,891 | (6) |
| 9100 - Misc Cust Svc&Informational Ex | 2,968 | (1,807) | | 1,161 | 0.0368% | 1,159 | (2) |
| 9120 - Demonstrating & Selling Exp | 171 | (80) | | 91 | 0.0029% | 91 | (0) |
| 9200 - Administrative & Gen Salaries | 4,363,996 | (2,763,992) | (296,648) | 1,303,355 | 41.2751% | 1,300,825 | (2,531) |
| 9210 - Office Supplies and Expenses | 1,537 | (954) | | 584 | 0.0185% | 582 | (1) |
| 9220 - Administrative Exp Trnsf - Cr | | - | | - | 0.0000% | - | - |
| 9230 - Outside Services Employed | (33,147) | 21,586 | | (11,560) | -0.3661% | (11,538) | 22 |
| 9250 - Injuries and Damages | 3,681 | (2,428) | | 1,253 | 0.0397% | 1,251 | (2) |
| 9260 - Employee Pensions & Benefits | 3,605 | (2,333) | | 1,273 | 0.0403% | 1,270 | (2) |
| 9280 - Regulatory Commission Exp | 308,662 | (200,371) | | 108,291 | 3.4294% | 108,081 | (210) |
| 9301 - General Advertising Expenses | 27 | (16) | | 9 | 0.0003% | 9 | (0) |
| 9302 - Misc General Expenses | 27,689 | (17,238) | | 10,451 | 0.3310% | 10,431 | (20) |
| 9350 - Maintenance of General Plant | 27,771 | (17,451) | | 10,320 | 0.3268% | 10,300 | (20) |
| Total | \$ 8,942,256 | \$ (5,487,878) | \$ (296,648) | \$ 3,157,730 | 100.0000% | \$ 3,151,599 | \$ (6,131) |

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S TENTH SET OF REQUESTS FOR
INFORMATION

Question No. CARD 10-1:

AEPSC ICP: Please refer to the table on page 22 of the Direct Testimony of Michael A. Baird and to the file BJF-18 (tab 2). The per book expense for AEPSC is identical on both the table and tab 2, but the total of the adjustments on the table does not match the adjustment amount on tab 2, nor do the requested amounts match. Please reconcile the adjustment and requested amounts and provide a corrected table in the format of the table on page 22 of Mr. Baird's testimony.

Response No. CARD 10-1:

The AEPSC proforma adjustments on Exhibit BJF-18 correspond to the numbered proforma adjustments on pages 12-13 of the Direct Testimony of Brian J. Frantz. Tab 2 of Exhibit BJF-18 represents just the portion of incentive compensation removed from Company's request to normalize to target level, excluding financial measures. There is additional incentive compensation removed through some of the other proforma adjustments on Exhibit BJF-18. Page 22 of the Direct Testimony of Michael A. Baird represents the total proforma adjustments made to AEPSC incentive compensation and are the total amount of requested AEPSC ICP. See reconciliation below between Exhibit BJF-18 and page 22 of Mr. Baird's testimony:

Exhibit BJF-18 Per Books AEPSC ICP
Exhibit BJF-18 AEPSC ICP Adjustment in Tab 2
Exhibit BJF-18 AEPSC ICP Adjustment in Tab 1
Exhibit BJF-18 AEPSC ICP Adjustment in Tab 4
Exhibit BJF-18 AEPSC ICP Adjustment in Tab 5
Page 22 of Baird Testimony: Requested AEPSC ICP

| | |
|---------------|----------------|
| \$8,942,256 | |
| (\$5,487,878) | |
| (\$20,394) | } 5,784,744 |
| \$109 | |
| (\$276,363) | |
| \$3,157,730 | |
| - 3,151,599 | |
| 6,131 | st-211 A-21 |

Prepared By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Southwestern Electric Power Company
Normalize Annual Incentive Compensation
For the Test Year Ended March 31, 2020
Pro-Forma No. 2

| Line No. | Description | FERC Account Number | Total Company Per Books | Pro Forma Adjustment | Total Company Request |
|----------|---------------------|---------------------------------------|-------------------------|----------------------|-----------------------|
| 1 | Normalize Incentive | 5000 - Oper Supervision & Engineering | \$ 1,675,342 | \$ (984,923) | \$ 690,418 |
| 2 | | 5010 - Fuel | 111,500 | (65,060) | 46,440 |
| 3 | | 5020 - Steam Expenses | 29,794 | (17,415) | 12,379 |
| 4 | | 5050 - Electric Expenses | 468 | (294) | 173 |
| 5 | | 5060 - Misc Steam Power Expenses | (1,152,761) | 757,039 | (395,722) |
| 6 | | 5100 - Maint Supv & Engineering | 51,388 | (30,969) | 20,419 |
| 7 | | 5110 - Maintenance of Structures | 69,882 | (39,361) | 30,521 |
| 8 | | 5120 - Maintenance of Boiler Plant | 276,408 | (166,652) | 109,756 |
| 9 | | 5130 - Maintenance of Electric Plant | 67,210 | (40,383) | 26,827 |
| 10 | | 5140 - Maintenance of Misc Steam Plt | 11,986 | (6,767) | 5,219 |
| 11 | | 5240 - Misc Nuclear Power Expenses | 0 | (0) | - |
| 12 | | 5280 - Maint Supv & Engineering | 1,011 | (598) | 414 |
| 13 | | 5290 - Maintenance of Structures | 37 | (23) | 14 |
| 14 | | 5300 - Maint of Reactor Plant Equip | 3 | (2) | 1 |
| 15 | | 5310 - Maintenance of Electric Plant | 1 | (1) | 0 |
| 16 | | 5350 - Oper Supervision & Engineering | 654 | (387) | 267 |
| 17 | | 5370 - Hydraulic Expenses | 75 | (46) | 28 |
| 18 | | 5390 - Misc Hydr Power Generation Exp | 551 | (343) | 208 |
| 19 | | 5450 - Maint of Misc Hydraulic Plant | 90 | (42) | 48 |
| 20 | | 5510 - Maint Supv & Engineering | (3) | 2 | (1) |
| 21 | | 5530 - Maintenance of Generating Plt | 1,749 | (1,074) | 675 |
| 22 | | 5560 - Sys Control & Load Dispatching | 224,840 | (131,015) | 93,825 |
| 23 | | 5570 - Other Expenses | 526,644 | (312,317) | 214,327 |
| 24 | | 5600 - Oper Supervision & Engineering | 878,221 | (548,347) | 329,874 |
| 25 | | 5612 - Load Dispatch-Mnt&Op TransSys | 131,443 | (82,168) | 49,275 |
| 26 | | 5615 - Reliability, Png&Slds Develop | 32,061 | (20,060) | 12,001 |
| 27 | | 5620 - Station Expenses | 823 | (504) | 319 |
| 28 | | 5630 - Overhead Line Expenses | 2,871 | (1,785) | 1,086 |
| 29 | | 5660 - Misc Transmission Expenses | 190,250 | (117,988) | 72,262 |
| 30 | | 5670 - Rents | 11 | (7) | 4 |
| 31 | | 5680 - Maint Supv & Engineering | 1,281 | (817) | 464 |
| 32 | | 5690 - Maintenance of Structures | 13 | (9) | 5 |
| 33 | | 5691 - Maint of Computer Hardware | 1,177 | (737) | 439 |
| 34 | | 5692 - Maint of Computer Software | 19,015 | (11,868) | 7,147 |
| 35 | | 5700 - Maint of Station Equipment | 28,939 | (18,162) | 10,777 |
| 36 | | 5710 - Maintenance of Overhead Lines | 4,278 | (2,719) | 1,559 |
| 37 | | 5730 - Maint of Misc Trnsmsslon Plt | 195 | (122) | 73 |
| 38 | | 5800 - Oper Supervision & Engineering | 200,838 | (124,340) | 76,497 |
| 39 | | 5820 - Station Expenses | 8,921 | (5,535) | 3,386 |
| 40 | | 5830 - Overhead Line Expenses | 65 | (43) | 22 |
| 41 | | 5840 - Underground Line Expenses | 2,473 | (1,553) | 920 |
| 42 | | 5860 - Meter Expenses | 25,294 | (16,111) | 9,183 |
| 43 | | 5880 - Miscellaneous Distribution Exp | (387,100) | 255,041 | (132,059) |
| 44 | | 5900 - Maint Supv & Engineering | 1,654 | (1,035) | 619 |
| 45 | | 5920 - Maint of Station Equipment | 12,493 | (7,812) | 4,681 |
| 46 | | 5930 - Maintenance of Overhead Lines | 7,792 | (4,943) | 2,849 |
| 47 | | 5970 - Maintenance of Meters | 40 | (25) | 14 |
| 48 | | 9010 - Supervision - Customer Accts | 8,989 | (5,724) | 3,264 |
| 49 | | 9020 - Meter Reading Expenses | 15,599 | (9,895) | 5,704 |
| 50 | | 9030 - Cust Records & Collection Exp | 1,126,010 | (718,889) | 407,121 |
| 51 | | 9050 - Misc Customer Accounts Exp | 2,844 | (1,810) | 1,034 |
| 52 | | 9070 - Supervision - Customer Service | 14,053 | (9,005) | 5,048 |
| 53 | | 9080 - Customer Assistance Expenses | 8,083 | (5,186) | 2,897 |
| 54 | | 9100 - Misc Cust Svc&Informational Ex | 2,968 | (1,807) | 1,161 |
| 55 | | 9120 - Demonstrating & Selling Exp | 171 | (80) | 91 |
| 56 | | 9200 - Administrative & Gen Salaries | 4,363,996 | (2,763,992) | 1,600,003 |
| 57 | | 9210 - Office Supplies and Expenses | 1,537 | (954) | 584 |
| 58 | | 9220 - Administrative Exp Trnsf - Cr | - | - | - |
| 59 | | 9230 - Outside Services Employed | (33,147) | 21,586 | (11,560) |
| 60 | | 9250 - Injuries and Damages | 3,881 | (2,428) | 1,253 |
| 61 | | 9260 - Employee Pensions & Benefits | 3,605 | (2,333) | 1,273 |
| 62 | | 9280 - Regulatory Commission Exp | 308,662 | (200,371) | 108,291 |
| 63 | | 9301 - General Advertising Expenses | 27 | (18) | 9 |
| 64 | | 9302 - Misc General Expenses | 27,689 | (17,238) | 10,451 |
| 65 | | 9350 - Maintenance of General Plant | 27,771 | (17,451) | 10,320 |
| 66 | | Total | \$ 8,942,256 | \$ (5,487,878) | \$ 3,454,378 |

PURPOSE

To normalize incentive accruals to a level excluding financial measures. The test year was normalized by taking the per books incentive accrual and reducing to 100% to represent a level 12 months. Then the incentives were further normalized to exclude incentives tied to financial measures.

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO OFFICE OF
PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

Question No. OPUC 1-15:

Please refer to the Direct Testimony of Mr. Michael A. Baird, page 22. Please provide the underlying computation and supporting documentation for each of the numbers included in the Annual Incentive Plan Chart and the Long-Term Incentive Plan chart on page 22 of Mr. Baird's Direct Testimony.

Response No. OPUC 1-15:

Please refer to OPUC 1-15 Attachments 1 & 2 for underlying computation and supporting documentation for AEPSC amounts and OPUC 1-15 Attachment 3 for the underlying calculation and supporting documentation for SWEPCO amounts included on page 22 of Mr. Baird's Direct Testimony. An error in the business unit financial based goal percentage for the Distribution annual incentive plan has been discovered which resulted in a change in the amounts reported in the Annual Incentive Plan Chart on page 22 of Mr. Baird's Direct Testimony. Please see OPUC 1-15 Attachment 4 for the updated chart and OPUC 1-15 Attachments 5 and 6 for the underlying computation and supporting documentation for the SWEPCO and AEPSC amount respectively.

All attachments responsive to this request are provided electronically on the PUC Interchange.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

ADJ. TO INCENTIVE COMP

SOAH Docket No. 473-21-0538

PUC Docket No. 51415

OPUC's 1st, Q. # OPUC 1-15

Attachment 4

SOUTHWESTERN ELECTRIC POWER COMPANY
SUMMARY OF SWEPSCO AND AEPSC ANNUAL INCENTIVES REVISED
FOR THE TEST YEAR ENDED MARCH 31, 2020

| Annual Incentive Plan | | |
|--------------------------------------|-------------|-------------|
| Description | SWEPCO | AEPSC |
| Per Book Expense | 9,800,004 | 8,942,256 |
| Reduction to Target Level | (1,878,186) | (3,367,674) |
| Target Level Incentives | 7,921,818 | 5,574,582 |
| Remove Direct Financial | (507,064) | (671,073) |
| Target Less Financial | 7,414,754 | 4,903,509 |
| Remove 50% of Fundings of 70% or 35% | (1,531,679) | (1,751,910) |
| Requested Amount | 5,883,075 | 3,151,599 |

This chart replaces the one
it p 22 of Bird direct
testimony

original request
amended req
per RFI

SWAPO

5,933,784

5,883,075

50,709

720

3,157,730

3,151,599

6,131 Staff Adj.

OPUC 1-15
AH 1

| Sum of SumOfAMOUNT | | Incentive Type | | |
|--------------------|-------------------------|-----------------------|--------------------------|----------------|
| Source2 | Source | Annual Incentive Plan | Long-Term Incentive Plan | Grand Total |
| PER BOOKS | Per Books | 8,942,255.89 | 3,172,220.18 | 12,114,476.07 |
| PER BOOKS Total | | 8,942,255.89 | 3,172,220.18 | 12,114,476.07 |
| PROFORMA | Proforma Adjustment # 4 | 109.12 | 43.68 | 152.80 |
| | Proforma Adjustment # 2 | (5,487,877.79) | | (5,487,877.79) |
| | Proforma Adjustment # 1 | (20,394.18) | (4,207.19) | (24,601.37) |
| | Proforma Adjustment # 5 | (276,362.94) | (27,136.85) | (303,499.79) |
| | Proforma Adjustment # 3 | | (2,298,741.31) | (2,298,741.31) |
| PROFORMA Total | | (5,784,525.79) | (2,330,041.67) | (8,114,567.46) |
| Grand Total | | 3,157,730.10 | 842,178.51 | 3,999,908.61 |

SOUTHWESTERN ELECTRIC POWER COMPANY
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT
FOR THE TEST YEAR ENDED 3/31/2020

| Row Labels | 2019 | | | | | 2020 | | | | | Grand Total |
|------------|--------------|------------|------------|------------|--------------|----------------|-----------|------------|------------|----------------|--------------|
| | 141 | 148 | 149 | 155 | 2019 Total | 141 | 148 | 149 | 155 | 2020 Total | |
| 1070 | 2,363,597.05 | 240,493.71 | 305,078.78 | 524,726.06 | 3,433,895.61 | 483,322.08 | 39,054.64 | 33,381.60 | 139,671.64 | 695,429.97 | 4,129,325.58 |
| 1080 | 365,619.95 | 20,772.22 | 47,949.59 | 40,624.71 | 474,966.47 | 76,218.40 | 4,295.66 | 6,545.18 | 9,432.68 | 96,491.93 | 571,458.40 |
| 1510 | | 937.23 | 41,740.09 | | 42,677.31 | | 173.28 | 10,674.06 | | 10,847.34 | 53,524.65 |
| 1520 | | 9,743.41 | 433,125.31 | | 442,868.72 | | 1,963.19 | 119,701.69 | | 121,664.89 | 564,533.61 |
| 1630 | | 0.00 | | | 0.00 | | 0.00 | | | 0.00 | 0.00 |
| 1830 | 0.00 | | 0.00 | | 0.00 | 0.00 | | | | 0.00 | 0.00 |
| 1840 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 |
| 1850 | 24,114.71 | | | | 24,114.71 | 5,269.28 | | | | 5,269.28 | 29,383.99 |
| 1860 | 121,245.07 | 2,829.07 | 857.61 | (4,225.80) | 120,705.95 | 67.56 | | | | 67.56 | 120,773.51 |
| 1880 | (21.17) | 0.12 | | (28.67) | (49.72) | (37.16) | (1.61) | | | (38.77) | (88.49) |
| 2420 | | | 0.00 | | 0.00 | | | 0.00 | | 0.00 | 0.00 |
| 4010 | | 503.38 | 127.83 | | 631.21 | | | | | | 631.21 |
| 4264 | 22,277.66 | 1,242.55 | | | 23,520.21 | 3,880.60 | 204.72 | | | 4,085.33 | 27,605.54 |
| 4265 | 5,730.68 | 196.34 | 2,876.84 | | 8,803.86 | 490.08 | 16.91 | 495.71 | | 1,002.69 | 9,806.55 |
| 5000 | 15,445.09 | 11,613.78 | 413,633.96 | | 440,692.82 | | 3,260.16 | 159,850.68 | | 163,110.85 | 603,803.67 |
| 5010 | | 195.38 | 8,411.33 | | 8,606.70 | | 16.94 | 1,012.19 | | 1,029.13 | 9,635.83 |
| 5020 | | 21,447.87 | 858,044.18 | | 879,492.05 | | 4,500.14 | 253,343.74 | | 257,843.88 | 1,137,335.93 |
| 5050 | | 19,416.04 | 769,747.90 | | 789,163.95 | | 3,383.64 | 182,211.71 | | 185,595.35 | 974,759.29 |
| 5060 | | 9,376.68 | 378,440.73 | 8.98 | 387,826.39 | (790,001.10) | 1,276.45 | 67,400.79 | | (721,323.86) | (333,497.47) |
| 5100 | | 11,409.17 | 404,007.07 | | 415,416.25 | | 1,538.77 | 73,273.19 | | 74,811.96 | 490,228.21 |
| 5110 | | 2,431.58 | 82,483.48 | | 84,915.06 | | 520.99 | 24,150.00 | | 24,670.99 | 109,586.04 |
| 5120 | | 24,622.90 | 909,551.97 | | 934,174.87 | | 3,926.32 | 197,732.01 | | 201,658.33 | 1,135,833.20 |
| 5130 | | 6,213.70 | 243,860.98 | 140.30 | 250,214.98 | | 806.31 | 41,348.91 | (7.33) | 42,147.89 | 292,362.88 |
| 5140 | 606.81 | 4,927.12 | 157,751.12 | | 163,285.05 | | 1,175.76 | 52,042.72 | | 53,218.48 | 216,503.53 |
| 5420 | | | | | | | 0.19 | 14.65 | | 14.84 | 14.84 |
| 5440 | | 9.19 | 401.57 | | 410.75 | | | | | | 410.75 |
| 5480 | | 504.85 | 22,182.93 | | 22,687.78 | | 72.46 | 4,206.42 | | 4,278.89 | 26,966.67 |
| 5520 | | 1.52 | 61.06 | | 62.58 | | | | | | 62.58 |
| 5530 | | 672.70 | 30,019.95 | | 30,692.65 | | 140.18 | 9,107.43 | | 9,247.61 | 39,940.26 |
| 5600 | 0.00 | 8,611.24 | 10,052.12 | 170,675.69 | 189,339.05 | | 1,218.64 | 1,814.65 | 33,923.14 | 36,956.43 | 226,295.47 |
| 5612 | | 6.01 | | 106.13 | 112.14 | | | | | | 112.14 |
| 5620 | 675.07 | 1,654.89 | | 37,363.11 | 39,693.08 | 86.66 | 318.98 | | 9,776.92 | 10,182.56 | 49,875.63 |
| 5630 | 54.59 | 18.55 | | 1,534.59 | 1,607.73 | 33.77 | 2.73 | | 1.03 | 37.53 | 1,645.26 |
| 5660 | (0.00) | 1,360.75 | | 25,922.59 | 27,283.34 | (150,649.10) | 56.13 | | (1,063.05) | (151,656.02) | (124,372.69) |
| 5680 | | 9.60 | | 301.98 | 311.58 | | | | | | 311.58 |
| 5690 | | 29.37 | | 373.82 | 403.19 | | 6.43 | | 220.16 | 226.59 | 629.78 |
| 5700 | 7,661.99 | 5,064.52 | | 108,457.66 | 121,184.16 | | 938.66 | | 30,065.82 | 31,004.48 | 152,188.64 |
| 5710 | 321.21 | 2,816.10 | | 45,797.23 | 48,934.54 | | 234.95 | | 9,158.76 | 9,393.71 | 58,328.25 |
| 5800 | 66,872.45 | 2,680.12 | 11,485.57 | 1,599.71 | 82,637.85 | 14,214.24 | 603.97 | 2,810.80 | 852.01 | 18,481.02 | 101,118.87 |
| 5820 | 67.12 | 2,528.59 | | 31,924.76 | 34,520.47 | 56.16 | 457.03 | | 9,174.97 | 9,688.16 | 44,208.63 |
| 5830 | 163,414.11 | 7,753.31 | | | 171,167.42 | 33,732.14 | 1,516.49 | | | 35,248.63 | 206,416.05 |
| 5840 | 55,373.82 | 3,139.55 | | | 58,513.37 | 12,346.46 | 722.14 | | | 13,068.61 | 71,581.97 |
| 5850 | 3,214.81 | 111.48 | | | 3,326.29 | 1,160.52 | 36.28 | | | 1,196.80 | 4,523.09 |
| 5860 | 316,153.06 | 12,705.93 | | | 328,858.99 | 69,639.38 | 2,715.73 | | | 72,355.11 | 401,214.10 |
| 5870 | 25,630.73 | 1,135.27 | | | 26,766.01 | 4,953.92 | 221.27 | | | 5,175.19 | 31,941.20 |
| 5880 | 1,585,420.17 | 37,123.19 | 0.00 | 1,522.79 | 1,624,066.15 | (1,343,601.53) | 8,764.48 | (13.18) | | (1,334,850.24) | 289,215.91 |
| 5900 | 15,254.89 | 430.17 | | 19.26 | 15,704.31 | 2,712.50 | 77.37 | | | 2,789.87 | 18,494.18 |
| 5910 | | 3.69 | | 437.18 | 440.87 | | 9.74 | | 238.76 | 248.50 | 689.37 |
| 5920 | | 4,517.67 | | 61,611.70 | 66,129.37 | | 968.43 | | 18,249.72 | 19,218.15 | 85,347.52 |

0000053

SOUTHWESTERN ELECTRIC POWER COMPANY
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT
FOR THE TEST YEAR ENDED 3/31/2020

| | | | | | | | | | | | | |
|-------------------------------------------------|--------------|------------|--------------|--------------|---------------|----------------|------------|--------------|------------|--------------|---------------|--------------------|
| 5930 | 1,190,146.22 | 50,037.99 | 410.04 | | 1,240,594.25 | 203,221.32 | 8,257.88 | 46.94 | 788.60 | 212,314.74 | 1,452,909.00 | |
| 5940 | 17,499.45 | 940.41 | | | 18,439.87 | 4,387.53 | 227.53 | | | 4,615.05 | 23,054.92 | |
| 5950 | 6,847.24 | 296.37 | | | 7,143.61 | 2,428.56 | 76.97 | | | 2,505.54 | 9,649.15 | |
| 5960 | 16,800.30 | 635.77 | | | 17,436.07 | 5,351.94 | 180.04 | | | 5,531.97 | 22,968.05 | |
| 5970 | 33,587.43 | 1,331.22 | | | 34,918.65 | 6,964.98 | 282.31 | | | 7,247.28 | 42,165.94 | |
| 5980 | 17,925.29 | 852.17 | | | 18,777.46 | 4,355.57 | 219.49 | | | 4,575.06 | 23,352.52 | |
| 9010 | 56,999.30 | 1,663.83 | | | 58,663.13 | 13,879.65 | 400.37 | | | 14,280.02 | 72,943.15 | |
| 9020 | 168,200.11 | 7,222.94 | | | 175,423.05 | 36,183.70 | 1,569.05 | | | 37,752.76 | 213,175.80 | |
| 9030 | 277,485.32 | 10,290.34 | | | 287,775.66 | 47,294.56 | 1,811.84 | | | 49,106.40 | 336,882.06 | |
| 9070 | 103,383.21 | 4,706.58 | | | 108,089.79 | 22,654.33 | 945.07 | | | 23,599.40 | 131,689.19 | |
| 9080 | 210,100.57 | 7,751.37 | | | 217,851.94 | 50,980.27 | 1,893.82 | | | 52,874.09 | 270,726.03 | |
| 9200 | 423,421.51 | 46,780.94 | 37,205.00 | 239.97 | 507,647.42 | 100,741.52 | 6,213.82 | 9,710.92 | 2,964.16 | 119,630.43 | 627,277.84 | |
| 9220 | (2.46) | (0.23) | | | (2.69) | (3.89) | (0.31) | | | (4.20) | (6.89) | |
| 9250 | 9,153.92 | 25,881.18 | | | 35,035.10 | 2,000.99 | 236.79 | | 3,549.57 | 5,787.35 | 40,822.45 | |
| 9280 | 0.00 | (0.07) | | | (0.07) | 114.96 | 3.33 | 33.39 | | 151.68 | 151.62 | |
| 9302 | 9,339.47 | 848.44 | 4,560.15 | 7,342.57 | 22,090.64 | (558.86) | 59.53 | | 2,143.19 | 1,643.86 | 23,734.49 | Test Year Book O&M |
| 9350 | 2.53 | 154,123.09 | | | 154,125.62 | 94.59 | 30,576.91 | | | 30,671.50 | 184,797.12 | 9,800,003.64 |
| Grand Total | 7,699,619.29 | 794,622.88 | 5,174,067.15 | 1,056,476.32 | 14,724,785.65 | (1,076,013.42) | 138,149.00 | 1,250,896.22 | 269,140.75 | 582,172.55 | 15,306,958.20 | |
| ICP 1.0 target | 3,856,860.75 | 410,048.25 | 3,136,672.50 | 586,656.00 | 7,990,237.50 | 1,447,495.53 | 139,798.18 | 1,119,876.49 | 221,157.27 | 2,928,327.47 | 10,918,564.97 | |
| target amounts attributable to union employees | 1,352,492.22 | 208,484.23 | 1,143,190.41 | 190,140.96 | | 490,766.47 | 72,326.70 | 391,092.89 | 73,582.64 | | 3,922,076.53 | |
| Remove portion related to billings to co-owners | | | | | | | | | | | | |
| Flint | | 1,258.92 | 106,140.76 | | | | 821.21 | 36,089.75 | | | 144,310.65 | |
| Pirkey | | 650.83 | 36,814.37 | | | | 226.02 | 12,741.08 | | | 50,432.31 | |
| Net target attributable to union employees | 1,352,492.22 | 206,574.48 | 1,000,235.27 | 190,140.96 | | 490,766.47 | 71,279.47 | 342,262.06 | 73,582.64 | | 3,727,333.57 | |
| 1.0 non-union target | 2,504,368.53 | 201,564.02 | 1,993,482.09 | 396,515.04 | | 956,729.06 | 67,471.48 | 728,783.60 | 147,574.63 | | 6,996,488.44 | |
| Remove portion related to billings to co-owners | | | | | | | | | | | | |
| Flint | | 5,271.81 | 188,336.16 | | 193,607.97 | | 8,004.60 | 273,200.04 | | 281,204.65 | 474,812.62 | |
| Pirkey | | 1,647.91 | 55,527.94 | | 57,175.85 | | 2,284.09 | 87,124.10 | | 89,408.19 | 146,584.04 | |
| Turk | | 3,922.05 | 183,182.24 | | 187,104.29 | | 4,315.29 | 205,919.04 | | 210,234.33 | 397,338.62 | |
| 1.0 target with billings removed | 2,504,368.53 | 190,722.24 | 1,566,435.76 | 396,515.04 | 4,658,041.56 | 956,729.06 | 52,867.50 | 162,540.41 | 147,574.63 | 1,319,711.60 | 5,977,753.16 | |
| Remove BU fin goals | 5.00% | 15.13% | 0.00% | 10.00% | | 20.00% | 22.35% | 0.00% | 20.00% | | | |
| | 2,379,150.10 | 161,871.69 | 1,566,435.76 | 356,863.53 | 4,464,321.08 | 765,383.25 | 41,049.76 | 162,540.41 | 118,059.70 | 1,087,033.13 | 5,551,354.21 | |
| Remove 1/2 of funding | 35% | 33.40% | 35% | 35% | | 35% | 33.19% | 35% | 35% | | | |
| | 1,546,447.57 | 107,799.93 | 1,018,183.24 | 231,961.30 | 2,904,392.03 | 497,499.11 | 27,424.53 | 105,651.27 | 76,738.81 | 707,313.71 | 3,611,705.75 | |
| non-union red by FB plus union | 2,898,939.79 | 314,374.41 | 2,018,418.52 | 422,102.26 | | 988,265.58 | 98,703.99 | 447,913.33 | 150,321.44 | | 7,339,039.32 | |

0000054

SOUTHWESTERN ELECTRIC POWER COMPANY
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT
FOR THE TEST YEAR ENDED 3/31/2020

summary for M Baird testimony

| | | | | | | | | | |
|-------------------------------------------------|----------------|--------------|----------------|--------------|----------------|------------|--------------|-------------|----------------|
| test year O&M | 4,797,055.34 | 517,904.85 | 4,342,311.10 | 495,380.02 | (1,645,224.26) | 92,442.20 | 1,080,097.97 | 120,036.43 | 9,800,003.64 |
| total target | 3,856,860.75 | 397,296.72 | 2,566,671.03 | 586,656.00 | 1,447,495.53 | 124,146.96 | 504,802.47 | 221,157.27 | 9,705,086.73 |
| O&M % | 62.303% | 65.176% | 83.925% | 46.890% | 152.900% | 66.915% | 86.346% | 44.600% | |
| Target O&M | 2,402,920.69 | 258,942.83 | 2,154,066.38 | 275,082.04 | 2,213,220.32 | 83,072.75 | 435,876.39 | 98,635.86 | 7,921,817.26 |
| Adj O&M to target | (2,394,134.66) | (258,962.02) | (2,188,244.72) | (220,297.98) | 3,858,444.59 | (9,369.44) | (644,221.58) | (21,400.57) | (1,878,186.38) |
| BU fin goal O&M ad | (78,014.21) | (18,803.69) | - | (18,592.53) | (292,567.70) | (7,907.82) | - | (13,163.62) | (429,049.57) |
| Target less BU fin goals O&M | 2,324,906.47 | 240,139.14 | 2,154,066.38 | 256,489.51 | 1,920,652.62 | 75,164.93 | 435,876.39 | 85,472.24 | 7,492,767.70 |
| Adj O&M to remove 1/2 of funding | (518,794.50) | (35,241.91) | (460,118.30) | (58,566.45) | (409,594.78) | (9,117.31) | (49,121.46) | (18,429.07) | (1,558,983.78) |
| Target less BU fin goals and 1/2 of funding O&M | 1,806,111.97 | 204,897.24 | 1,693,948.08 | 197,923.06 | 1,511,057.84 | 66,047.63 | 386,754.93 | 67,043.17 | 5,933,783.92 |

0000055

SOUTHWESTERN ELECTRIC POWER COMPANY
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT
FOR THE TEST YEAR ENDED 3/31/2020

| Row Labels | 2019 | | | | 2019 Total | 2020 | | | | 2020 Total | Grand Total |
|------------|--------------|------------|------------|------------|--------------|----------------|-----------|------------|------------|----------------|--------------|
| | 141 | 148 | 149 | 155 | | 141 | 148 | 149 | 155 | | |
| 1070 | 2,363,597.05 | 240,493.71 | 305,078.78 | 524,726.06 | 3,433,895.61 | 483,322.08 | 39,054.64 | 33,381.60 | 139,671.64 | 695,429.97 | 4,129,325.58 |
| 1080 | 365,619.95 | 20,772.22 | 47,949.59 | 40,624.71 | 474,966.47 | 76,218.40 | 4,295.66 | 6,545.18 | 9,432.68 | 96,491.93 | 571,458.40 |
| 1510 | | 937.23 | 41,740.09 | | 42,677.31 | | 173.28 | | 10,674.06 | 10,847.34 | 53,524.65 |
| 1520 | | 9,743.41 | 433,125.31 | | 442,868.72 | | 1,963.19 | 119,701.69 | | 121,664.89 | 564,533.61 |
| 1630 | | 0.00 | | | 0.00 | | 0.00 | | | 0.00 | 0.00 |
| 1830 | 0.00 | | 0.00 | | 0.00 | 0.00 | | | | 0.00 | 0.00 |
| 1840 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 |
| 1850 | 24,114.71 | | | | 24,114.71 | 5,269.28 | | | | 5,269.28 | 29,383.99 |
| 1860 | 121,245.07 | 2,829.07 | 857.61 | (4,225.80) | 120,705.95 | 67.56 | | | | 67.56 | 120,773.51 |
| 1880 | (21.17) | 0.12 | | (28.67) | (49.72) | (37.16) | (1.61) | | | (38.77) | (88.49) |
| 2420 | | | 0.00 | | 0.00 | | | 0.00 | | 0.00 | 0.00 |
| 4010 | | 503.38 | 127.83 | | 631.21 | | | | | | 631.21 |
| 4264 | 22,277.66 | 1,242.55 | | | 23,520.21 | 3,880.60 | 204.72 | | | 4,085.33 | 27,605.54 |
| 4265 | 5,730.68 | 196.34 | 2,876.84 | | 8,803.86 | 490.08 | 16.91 | 495.71 | | 1,002.69 | 9,806.55 |
| 5000 | 15,445.09 | 11,613.78 | 413,633.96 | | 440,692.82 | | 3,260.16 | 159,850.68 | | 163,110.85 | 603,803.67 |
| 5010 | | 195.38 | 8,411.33 | | 8,606.70 | | 16.94 | 1,012.19 | | 1,029.13 | 9,635.83 |
| 5020 | | 21,447.87 | 858,044.18 | | 879,492.05 | | 4,500.14 | 253,343.74 | | 257,843.88 | 1,137,335.93 |
| 5050 | | 19,416.04 | 769,747.90 | | 789,163.95 | | 3,383.64 | 182,211.71 | | 185,595.35 | 974,759.29 |
| 5060 | | 9,376.68 | 378,440.73 | 8.98 | 387,826.39 | (790,001.10) | 1,276.45 | 67,400.79 | | (721,323.86) | (333,497.47) |
| 5100 | | 11,409.17 | 404,007.07 | | 415,416.25 | | 1,538.77 | 73,273.19 | | 74,811.96 | 490,228.21 |
| 5110 | | 2,431.58 | 82,483.48 | | 84,915.06 | | 520.99 | 24,150.00 | | 24,670.99 | 109,586.04 |
| 5120 | | 24,622.90 | 909,551.97 | | 934,174.87 | | 3,926.32 | 197,732.01 | | 201,658.33 | 1,135,833.20 |
| 5130 | | 6,213.70 | 243,860.98 | 140.30 | 250,214.98 | | 806.31 | 41,348.91 | (7.33) | 42,147.89 | 292,362.88 |
| 5140 | 606.81 | 4,927.12 | 157,751.12 | | 163,285.05 | | 1,175.76 | 52,042.72 | | 53,218.48 | 216,503.53 |
| 5420 | | | | | | | 0.19 | 14.65 | | 14.84 | 14.84 |
| 5440 | | 9.19 | 401.57 | | 410.75 | | | | | | 410.75 |
| 5480 | | 504.85 | 22,182.93 | | 22,687.78 | | 72.46 | 4,206.42 | | 4,278.89 | 26,966.67 |
| 5520 | | 1.52 | 61.06 | | 62.58 | | | | | | 62.58 |
| 5530 | | 672.70 | 30,019.95 | | 30,692.65 | | 140.18 | 9,107.43 | | 9,247.61 | 39,940.26 |
| 5600 | 0.00 | 8,611.24 | 10,052.12 | 170,675.69 | 189,339.05 | | 1,218.64 | 1,814.65 | 33,923.14 | 36,956.43 | 226,295.47 |
| 5612 | | 6.01 | | 106.13 | 112.14 | | | | | | 112.14 |
| 5620 | 675.07 | 1,654.89 | 37,363.11 | | 39,693.08 | 86.66 | 318.98 | | 9,776.92 | 10,182.56 | 49,875.63 |
| 5630 | 54.59 | 18.55 | 1,534.59 | | 1,607.73 | 33.77 | 2.73 | | 1.03 | 37.53 | 1,645.26 |
| 5660 | (0.00) | 1,360.75 | 25,922.59 | | 27,283.34 | (150,649.10) | 56.13 | | (1,063.05) | (151,656.02) | (124,372.69) |
| 5680 | | 9.60 | 301.98 | | 311.58 | | | | | | 311.58 |
| 5690 | | 29.37 | 373.82 | | 403.19 | | 6.43 | | 220.16 | 226.59 | 629.78 |
| 5700 | 7,661.99 | 5,064.52 | 108,457.66 | | 121,184.16 | | 938.66 | | 30,065.82 | 31,004.48 | 152,188.64 |
| 5710 | 321.21 | 2,816.10 | 45,797.23 | | 48,934.54 | | 234.95 | | 9,158.76 | 9,393.71 | 58,328.25 |
| 5800 | 66,872.45 | 2,680.12 | 11,485.57 | 1,599.71 | 82,637.85 | 14,214.24 | 603.97 | 2,810.80 | 852.01 | 18,481.02 | 101,118.87 |
| 5820 | 67.12 | 2,528.59 | 31,924.76 | | 34,520.47 | 56.16 | 457.03 | | 9,174.97 | 9,688.16 | 44,208.63 |
| 5830 | 163,414.11 | 7,753.31 | | | 171,167.42 | 33,732.14 | 1,516.49 | | | 35,248.63 | 206,416.05 |
| 5840 | 55,373.82 | 3,139.55 | | | 58,513.37 | 12,346.46 | 722.14 | | | 13,068.61 | 71,581.97 |
| 5850 | 3,214.81 | 111.48 | | | 3,326.29 | 1,160.52 | 36.28 | | | 1,196.80 | 4,523.09 |
| 5860 | 316,153.06 | 12,705.93 | | | 328,858.99 | 69,639.38 | 2,715.73 | | | 72,355.11 | 401,214.10 |
| 5870 | 25,630.73 | 1,135.27 | | | 26,766.01 | 4,953.92 | 221.27 | | | 5,175.19 | 31,941.20 |
| 5880 | 1,585,420.17 | 37,123.19 | 0.00 | 1,522.79 | 1,624,066.15 | (1,343,601.53) | 8,764.48 | (13.18) | | (1,334,850.24) | 289,215.91 |
| 5900 | 15,254.89 | 430.17 | | 19.26 | 15,704.31 | 2,712.50 | 77.37 | | | 2,789.87 | 18,494.18 |
| 5910 | | 3.69 | | 437.18 | 440.87 | | 9.74 | | 238.76 | 248.50 | 689.37 |
| 5920 | | 4,517.67 | | 61,611.70 | 66,129.37 | | 968.43 | | 18,249.72 | 19,218.15 | 85,347.52 |
| 5930 | 1,190,146.22 | 50,037.99 | 410.04 | | 1,240,594.25 | 203,221.32 | 8,257.88 | 46.94 | 788.60 | 212,314.74 | 1,452,909.00 |

0000056

SOUTHWESTERN ELECTRIC POWER COMPANY
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT
FOR THE TEST YEAR ENDED 3/31/2020

| | | | | | | | | | | | |
|-------------------------------------------------|--------------|------------|--------------|--------------|---------------|----------------|------------|--------------|------------|--------------|---------------|
| 5940 | 17,499.45 | 940.41 | | | 18,439.87 | 4,387.53 | 227.53 | | | 4,615.05 | 23,054.92 |
| 5950 | 6,847.24 | 296.37 | | | 7,143.61 | 2,428.56 | 76.97 | | | 2,505.54 | 9,649.15 |
| 5960 | 16,800.30 | 635.77 | | | 17,436.07 | 5,351.94 | 180.04 | | | 5,531.97 | 22,968.05 |
| 5970 | 33,587.43 | 1,331.22 | | | 34,918.65 | 6,964.98 | 282.31 | | | 7,247.28 | 42,165.94 |
| 5980 | 17,925.29 | 852.17 | | | 18,777.46 | 4,355.57 | 219.49 | | | 4,575.06 | 23,352.52 |
| 9010 | 56,999.30 | 1,663.83 | | | 58,663.13 | 13,879.65 | 400.37 | | | 14,280.02 | 72,943.15 |
| 9020 | 168,200.11 | 7,222.94 | | | 175,423.05 | 36,183.70 | 1,569.05 | | | 37,752.76 | 213,175.80 |
| 9030 | 277,485.32 | 10,290.34 | | | 287,775.66 | 47,294.56 | 1,811.84 | | | 49,106.40 | 336,882.06 |
| 9070 | 103,383.21 | 4,706.58 | | | 108,089.79 | 22,654.33 | 945.07 | | | 23,599.40 | 131,689.19 |
| 9080 | 210,100.57 | 7,751.37 | | | 217,851.94 | 50,980.27 | 1,893.82 | | | 52,874.09 | 270,726.03 |
| 9200 | 423,421.51 | 46,780.94 | 37,205.00 | 239.97 | 507,647.42 | 100,741.52 | 6,213.82 | 9,710.92 | 2,964.16 | 119,630.43 | 627,277.84 |
| 9220 | (2.46) | (0.23) | | | (2.69) | (3.89) | (0.31) | | | (4.20) | (6.89) |
| 9250 | 9,153.92 | 25,881.18 | | | 35,035.10 | 2,000.99 | 236.79 | | 3,549.57 | 5,787.35 | 40,822.45 |
| 9280 | 0.00 | (0.07) | | | (0.07) | 114.96 | 3.33 | 33.39 | | 151.68 | 151.62 |
| 9302 | 9,339.47 | 848.44 | 4,560.15 | 7,342.57 | 22,090.64 | (558.86) | 59.53 | | 2,143.19 | 1,643.86 | 23,734.49 |
| 9350 | 2.53 | 154,123.09 | | | 154,125.62 | 94.59 | 30,576.91 | | | 30,671.50 | 184,797.12 |
| Grand Total | 7,699,619.29 | 794,622.88 | 5,174,067.15 | 1,056,476.32 | 14,724,785.65 | (1,076,013.42) | 138,149.00 | 1,250,896.22 | 269,140.75 | 582,172.55 | 15,306,958.20 |
| ICP 1.0 target | 3,856,860.75 | 410,048.25 | 3,136,672.50 | 586,656.00 | 7,990,237.50 | 1,447,495.53 | 139,798.18 | 1,119,876.49 | 221,157.27 | 2,928,327.47 | 10,918,564.97 |
| target amounts attributable to union employees | 1,352,492.22 | 208,484.23 | 1,143,190.41 | 190,140.96 | | 490,766.47 | 72,326.70 | 391,092.89 | 73,582.64 | | 3,922,076.53 |
| Remove portion related to billings to co-owners | | | | | | | | | | | |
| Flint | 1,258.92 | 106,140.76 | | | | | 821.21 | 36,089.75 | | | 144,310.65 |
| Pirkey | 650.83 | 36,814.37 | | | | | 226.02 | 12,741.08 | | | 50,432.31 |
| Net target attributable to union employees | 1,352,492.22 | 206,574.48 | 1,000,235.27 | 190,140.96 | | 490,766.47 | 71,279.47 | 342,262.06 | 73,582.64 | | 3,727,333.57 |
| 1.0 non-union target | 2,504,368.53 | 201,564.02 | 1,993,482.09 | 396,515.04 | | 956,729.06 | 67,471.48 | 728,783.60 | 147,574.63 | | 6,996,488.44 |
| Remove portion related to billings to co-owners | | | | | | | | | | | |
| Flint | 5,271.81 | 188,336.16 | | | 193,607.97 | | 8,004.60 | 273,200.04 | | 281,204.65 | 474,812.62 |
| Pirkey | 1,647.91 | 55,527.94 | | | 57,175.85 | | 2,284.09 | 87,124.10 | | 89,408.19 | 146,584.04 |
| Turk | 3,922.05 | 183,182.24 | | | 187,104.29 | | 4,315.29 | 205,919.04 | | 210,234.33 | 397,338.62 |
| 1.0 target with billings removed | 2,504,368.53 | 190,722.24 | 1,566,435.76 | 396,515.04 | 4,658,041.56 | 956,729.06 | 52,867.50 | 162,540.41 | 147,574.63 | 1,319,711.60 | 5,977,753.16 |
| Remove BU fin goals | 10.00% | 15.13% | 0.00% | 10.00% | | 20.00% | 22.35% | 0.00% | 20.00% | | |
| | 2,253,931.68 | 161,871.69 | 1,566,435.76 | 356,863.53 | 4,339,102.65 | 765,383.25 | 41,049.76 | 162,540.41 | 118,059.70 | 1,087,033.13 | 5,426,135.78 |
| Remove 1/2 of funding | 35% | 33.40% | 35% | 35% | | 35% | 33.19% | 35% | 35% | | |
| | 1,465,055.59 | 107,799.93 | 1,018,183.24 | 231,961.30 | 2,823,000.06 | 497,499.11 | 27,424.53 | 105,651.27 | 76,738.81 | 707,313.71 | 3,530,313.77 |
| non-union red by FB plus union | 2,817,547.81 | 314,374.41 | 2,018,418.52 | 422,102.26 | | 988,265.58 | 98,703.99 | 447,913.33 | 150,321.44 | | 7,257,647.34 |

Test Year Book O&M
9,800,003.64 ✓

summary for M Baird testimony

0000057

SOUTHWESTERN ELECTRIC POWER COMPANY
CALCULATION OF ANNUAL INCENTIVE PLAN ADJUSTMENT
FOR THE TEST YEAR ENDED 3/31/2020

| | | | | | | | | | | |
|-------------------------------------------------|----------------|--------------|----------------|--------------|----------------|------------|--------------|-------------|----------------|---------------------------------------|
| test year O&M | 4,797,055.34 | 517,904.85 | 4,342,311.10 | 495,380.02 | (1,645,224.26) | 92,442.20 | 1,080,097.97 | 120,036.43 | 9,800,003.64 | O&M Ty actual |
| total target | 3,856,860.75 | 397,296.72 | 2,566,671.03 | 586,656.00 | 1,447,495.53 | 124,146.96 | 504,802.47 | 221,157.27 | 9,705,086.73 | union+nonunion - co-owner |
| O&M % | 62.303% | 65.176% | 83.925% | 46.890% | 152.900% | 66.915% | 86.346% | 44.600% | | |
| Target O&M | 2,402,920.69 | 258,942.83 | 2,154,066.38 | 275,082.04 | 2,213,220.32 | 83,072.75 | 435,876.39 | 98,635.86 | 7,921,817.26 | O&M target |
| Adj O&M to target | (2,394,134.66) | (258,962.02) | (2,188,244.72) | (220,297.98) | 3,858,444.59 | (9,369.44) | (644,221.58) | (21,400.57) | (1,878,186.38) | adj TY O&M to target |
| BU fin goal O&M ad | (156,028.42) | (18,803.69) | - | (18,592.53) | (292,567.70) | (7,907.82) | - | (13,163.62) | (507,063.78) | remove BU financial goals O&M part |
| Target less BU fin goals O&M | 2,246,892.26 | 240,139.14 | 2,154,066.38 | 256,489.51 | 1,920,652.62 | 75,164.93 | 435,876.39 | 85,472.24 | 7,414,753.49 | target O&M - financial goals |
| Adj O&M to remove 1/2 of funding | (491,489.53) | (35,241.91) | (460,118.30) | (58,566.45) | (409,594.78) | (9,117.31) | (49,121.46) | (18,429.07) | (1,531,678.80) | only applied to non-union ancts |
| Target less BU fin goals and 1/2 of funding O&M | 1,755,402.74 | 204,897.24 | 1,693,948.08 | 197,923.06 | 1,511,057.84 | 66,047.63 | 386,754.93 | 67,043.17 | 5,883,074.68 | |

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SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION

Question No. Staff 5-36:

Please provide the amount of financial based incentive compensation expense capitalized each year by plan type since the June 30, 2016 end of the test year in Docket No. 46449 and included in the Company's requested invested capital balance. Provide the information by FERC account by year separately for SWEPCO and allocated affiliate expenses.

Response No. Staff 5-36:

During the preparation of the Company's response to a request for information in this docket, an error was discovered in a calculation of the financial based capitalized incentive compensation during 2019. This error results in the Company including \$43,345 in financial based incentive compensations expense per the table below. Aside from that information, SWEPCO has not included any capitalized financial based incentive compensation expense in its requested invested capital associated with time period June 30, 2016 through March 2020.

| | | <u>SWEPCO</u> | | <u>AEPSC</u> | | <u>Total</u> |
|--------------|-----|---------------|-------------|--------------|-------------|--------------|
| | | <u>1070</u> | <u>1080</u> | <u>1070</u> | <u>1080</u> | |
| Distribution | ICP | 35,322 | 5,469 | 2,538 | 16 | 43,345 |
| Plan | | ① | ② | ① | ② | |

The amortization that would have been recorded related to this activity would have been \$1,306, resulting in net capitalized financial based incentives of \$42,039.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

① Total 107
② Total 108

Amort.

37,860
5,485
43,345
- 1,306
42,039

net
reduce
OH. Elec
plant add
01000654

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S TWELFTH REQUEST FOR INFORMATION**

Question No. Staff 12-2:

Refer to the response to OPUC 1-21, Attachment 1. For each measure shown for calendar years 2019 and 2020, identify each measure SWEPCO considered to be a financial measure for purposes of its adjustment to remove financial based incentive compensation. For any measure that directly impacts the income statement that SWEPCO did not include as a financial measure for purposes of its adjustment, please provide a detailed explanation and justification for why not.

Response No. Staff 12-2:

Please see the CARD 4-16 Attachment 1, Analysis for the schedule of measures for 2019 and 2020. The measures SWEPCO considers to be a financial measure with respect to the incentive adjustment are shown with 'Earnings' in the 'Category' column. All measures related to earnings have been removed from SWEPCO's request.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Prepared By: Anthony J. Sutor

Title: Regulatory Consultant Prin

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 4-16:

Incentive compensation: Please provide an analysis of each incentive plan showing the amounts included in test year expenses based on a) company earnings, b) utility investment cost containment, c) expense containment, d) customer service, and e) safety.

Response No. CARD 4-16:

Please see CARD_4-16_Attachment_1.xlsx for the analysis of the SWEPCO test year incentive expense based on the categories requested.

Please see CARD_4-16_Attachment_2.xlsx for the analysis of AEPSC costs billed to SWEPCO in unadjusted test year expense for each incentive plan.

CARD 4-16 Attachment 1 and 2 are available electronically on the PUC Interchange.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Prepared By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

SOUTHWESTERN ELECTRIC POWER COMPANY
INCENTIVE COMPENSATION

| Category | Test Year Expense | Pro Forma Expense |
|-----------------------------|-------------------|-------------------|
| Company Earnings | 1,172,648.52 | 0.00 |
| Investment Cost Containment | 357,966.68 | 137,914.11 |
| Expense Containment | 1,374,466.33 | 556,168.53 |
| Customer Service | 1,516,682.05 | 1,485,880.38 |
| Safety | 2,876,808.48 | 1,838,211.93 |

SOUTHWESTERN ELECTRIC POWER COMPANY
INCENTIVE COMPENSATION INFORMATION

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Test Year Expense

| Plan | 2019 | 2020 | Category | Goals or Performance Measures | Weight 2019 | Weight 2020 | 2019 Test Year Exp | 2020 Test Year Exp | Total Test Year Exp | 2019 Amt incl in Proforma Op Exp | 2020 Amt incl in Proforma Op Exp | Amount incl in Proforma Op Exp |
|-----------------|--------------|----------------|---------------------|--------------------------------------------------------|----------------|----------------|---------------------|-----------------------|---------------------|----------------------------------|----------------------------------|--------------------------------|
| AEP Utilities | 4,797,055.34 | (1,645,224.26) | Earnings | Net Income | 5.00% | 20.00% | 239,852.77 | (329,044.85) | (89,192.09) | - | - | - |
| | | | Earnings | ROE | 5.00% | 0.00% | 239,852.77 | - | 239,852.77 | - | - | - |
| | | | Expense Containment | Sustainable Efficiency Gains | 5.00% | 0.00% | 239,852.77 | - | 239,852.77 | 97,522 | - | 97,522 |
| | | | Customer Service | SAIDI | 5.00% | 0.00% | 239,852.77 | - | 239,852.77 | 97,522 | - | 97,522 |
| | | | Customer Service | Reliability Work Plan | 10.00% | 10.00% | 479,705.53 | (164,522.43) | 315,183.11 | 195,045 | 188,882 | 383,927 |
| | | | Customer Service | Easy to do business with | 10.00% | 0.00% | 479,705.53 | - | 479,705.53 | 195,045 | - | 195,045 |
| | | | Customer Service | QOS: SAIDI | 0.00% | 5.00% | - | (82,261.21) | (82,261.21) | - | 94,441 | 94,441 |
| | | | Customer Service | QOS: Proactive SAIDI Measures & Reliability | 0.00% | 7.50% | - | (123,391.82) | (123,391.82) | - | 141,662 | 141,662 |
| | | | Customer Service | JD Power Residential Customer Satisfaction | 5.00% | 0.00% | 239,852.77 | - | 239,852.77 | 97,522 | - | 97,522 |
| | | | Customer Service | QOS: J.D. Power Key Factor Index, Communications | 0.00% | 7.50% | - | (123,391.82) | (123,391.82) | - | 141,662 | 141,662 |
| | | | Customer Service | CMI Improvement (outage restoration) | 0.00% | 2.50% | - | (41,130.61) | (41,130.61) | - | 47,221 | 47,221 |
| | | | Customer Service | DART Rate (Employee & Contractors combined) | 5.00% | 5.00% | 239,852.77 | (82,261.21) | 157,591.55 | 97,522 | 94,441 | 191,963 |
| | | | Safety | TRIR Rate Employee & Contractor | 5.00% | 0.00% | 239,852.77 | - | 239,852.77 | 97,522 | - | 97,522 |
| | | | Safety | Proactive Safety Performance | 0.00% | 20.00% | - | (329,044.85) | (329,044.85) | - | 377,764 | 377,764 |
| | | | Safety | Proactive Safety: Event Review and Sharing | 4.00% | 0.00% | 191,882.21 | - | 191,882.21 | 78,018 | - | 78,018 |
| | | | Safety | Proactive Safety: Site Inspection Program | 4.00% | 0.00% | 191,882.21 | - | 191,882.21 | 78,018 | - | 78,018 |
| | | | Safety | Proactive Safety: CORE visits | 4.00% | 0.00% | 191,882.21 | - | 191,882.21 | 78,018 | - | 78,018 |
| | | | Safety | Proactive Safety: Contractor Safety Management | 4.00% | 0.00% | 191,882.21 | - | 191,882.21 | 78,018 | - | 78,018 |
| | | | Safety | Proactive Safety: Good Catch Program | 4.00% | 0.00% | 191,882.21 | - | 191,882.21 | 78,018 | - | 78,018 |
| | | | Other | Strategic Operational Excellence: OpCo Workplan | 20.00% | 12.50% | 959,411.07 | (205,653.03) | 753,758.04 | 390,089 | 236,103 | 626,192 |
| | | | Other | Culture Action Plan | 2.50% | 0.00% | 119,926.38 | - | 119,926.38 | 48,761 | - | 48,761 |
| | | | Other | Accountability Index (culture survey) | 0.00% | 2.50% | - | (41,130.61) | (41,130.61) | - | 47,221 | 47,221 |
| | | | Other | Advanced Distribution Lineman Training | 2.50% | 0.00% | 119,926.38 | - | 119,926.38 | 48,761 | - | 48,761 |
| | | | Other | Diversity | 0.00% | 2.50% | - | (41,130.61) | (41,130.61) | - | 47,221 | 47,221 |
| | | | Other | C100 Line Mechanic Recruitment Model | 0.00% | 5.00% | - | (82,261.21) | (82,261.21) | - | 94,441 | 94,441 |
| | | | | Total | 100.00% | 100.00% | 4,797,055.34 | (1,645,224.26) | 3,151,831.08 | 1,755,403 | 1,511,058 | 3,266,461 |
| Executive/Staff | 517,904.85 | 92,442.20 | Earnings | Corporate EPS Factor | 70.00% | 100.00% | 338,816.26 | 61,628.13 | 400,444.39 | - | - | - |
| | | | Earnings | Net Income | 7.00% | 15.00% | 33,881.63 | 9,244.22 | 43,125.85 | - | - | - |
| | | | Expense Containment | Sustainable Efficiency Gains | 4.00% | 0.00% | 19,360.93 | - | 19,360.93 | 27,319.63 | - | 27,320 |
| | | | Customer Service | QOS: SAIDI | 1.00% | 4.00% | 4,840.23 | 2,465.13 | 7,305.36 | 6,829.91 | 7,548.30 | 14,378 |
| | | | Customer Service | QOS: Proactive SAIDI Improvement | 1.00% | 2.00% | 4,840.23 | 1,232.56 | 6,072.79 | 6,829.91 | 3,774.15 | 10,604 |
| | | | Customer Service | QOS: Easy to do Business With | 1.00% | 0.00% | 4,840.23 | - | 4,840.23 | 6,829.91 | - | 6,830 |
| | | | Customer Service | QOS: J.D. Power Customer Satisfaction | 1.00% | 2.00% | 4,840.23 | 1,232.56 | 6,072.79 | 6,829.91 | 3,774.15 | 10,604 |
| | | | Safety | DART Rate | 5.00% | 8.00% | 24,201.16 | 4,930.25 | 29,131.41 | 34,149.54 | 15,096.60 | 49,246 |
| | | | Safety | Severity Improvement | 3.00% | 0.00% | 14,520.70 | - | 14,520.70 | 20,489.72 | - | 20,490 |
| | | | Other | Employee Culture Survey | 1.00% | 1.00% | 4,840.23 | 616.28 | 5,456.51 | 6,829.91 | 1,887.08 | 8,717 |
| | | | Other | Diversity | 1.00% | 2.00% | 4,840.23 | 1,232.56 | 6,072.79 | 6,829.91 | 3,774.15 | 10,604 |
| | | | Other | Supplier Diversity | - | 1.00% | - | 616.28 | 616.28 | - | 1,887.08 | 1,887 |
| | | | Other | Future of Work | 1.00% | 1.00% | 4,840.23 | 616.28 | 5,456.51 | 6,829.91 | 1,887.08 | 8,717 |
| | | | Other | Infrastructure Investment - Quarterly Plant in Service | - | 3.00% | - | 1,848.84 | 1,848.84 | - | 5,661.23 | 5,661 |
| | | | Other | Transmission Business Expansion - Plant in Service | 2.00% | 0.00% | 9,680.46 | - | 9,680.46 | 13,659.82 | - | 13,660 |
| | | | Other | Transmission Business Expansion - Capital Investment | 2.00% | 0.00% | 9,680.46 | - | 9,680.46 | 13,659.82 | - | 13,660 |
| | | | Other | Renewables/Energy Solutions Portfolio Growth | 2.00% | 4.00% | 9,680.46 | 2,465.13 | 12,145.59 | 13,659.82 | 7,548.30 | 21,208 |

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SOUTHWESTERN ELECTRIC POWER COMPANY
INCENTIVE COMPENSATION INFORMATION

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| Test Year Expense | | | | | | | | | | | | |
|-------------------|--------------|--------------|------------------------|---------------------------------------------|-------------|-------------|--------------------|--------------------|---------------------|----------------------------------|----------------------------------|--------------------------------|
| Plan | 2019 | 2020 | Category | Goals or Performance Measures | Weight 2019 | Weight 2020 | 2019 Test Year Exp | 2020 Test Year Exp | Total Test Year Exp | 2019 Amt incl in Proforma Op Exp | 2020 Amt incl in Proforma Op Exp | Amount incl in Proforma Op Exp |
| | | | Other | Regulated Renewables | 2.00% | 4.00% | 9,680.46 | 2,465.13 | 12,145.59 | 13,659.82 | 7,548.30 | 21,208 |
| | | | | Customer Targeted Regulated Renewables | 1.00% | 1.00% | 4,840.23 | 616.28 | 5,456.51 | 6,829.91 | 1,887.08 | 8,717 |
| | | | Other | | | | | | | | | |
| | | | Other | NERC Compliance | 1.00% | 1.00% | 4,840.23 | 616.28 | 5,456.51 | 6,829.91 | 1,887.08 | 8,717 |
| | | | Other | Environmental Stewardship | 1.00% | 1.00% | 4,840.23 | 616.28 | 5,456.51 | 6,829.91 | 1,887.08 | 8,717 |
| | | | | Total | 107.00% | 150.00% | 517,904.85 | 92,442.20 | 610,347.05 | 204,897 | 66,048 | 270,945 |
| AEP Generation | 4,342,311.10 | 1,080,097.97 | Expense Containment | Sustainable Efficiency Gains | 10.00% | 0.00% | 434,231.11 | - | 434,231.11 | 169,395 | - | 169,395 |
| | | | Investmnt Cost Contain | Capital Project Schedule Adherence | 7.00% | 5.00% | 303,961.78 | 54,004.90 | 357,966.68 | 118,576 | 19,338 | 137,914 |
| | | | Expense Containment | Innovation Target | 0.00% | 10.00% | - | 108,009.80 | 108,009.80 | - | 38,675 | 38,675 |
| | | | Expense Containment | EFORv | 5.00% | 5.00% | 217,115.55 | 54,004.90 | 271,120.45 | 84,697 | 19,338 | 104,035 |
| | | | Expense Containment | EFORd | 5.00% | 5.00% | 217,115.55 | 54,004.90 | 271,120.45 | 84,697 | 19,338 | 104,035 |
| | | | | Develop & Deploy High-Value Technology | | | | | | | | |
| | | | Customer Service | | 5.00% | 0.00% | 217,115.55 | - | 217,115.55 | 84,697 | - | 84,697 |
| | | | Customer Service | Work & Asset Management | 3.00% | 0.00% | 130,269.33 | - | 130,269.33 | 50,818 | - | 50,818 |
| | | | Customer Service | Asset Management | 3.00% | 0.00% | 130,269.33 | - | 130,269.33 | 50,818 | - | 50,818 |
| | | | | DART Rate (Employee & Contractors combined) | 5.00% | 10.00% | 217,115.55 | 108,009.80 | 325,125.35 | 84,697 | 38,675 | 123,373 |
| | | | Safety | TRIR Rate Employee & Contractor | 5.00% | 0.00% | 217,115.55 | - | 217,115.55 | 84,697 | - | 84,697 |
| | | | Safety | Proactive Safety Performance | 0.00% | 20.00% | - | 216,019.59 | 216,019.59 | - | 77,351 | 77,351 |
| | | | | Proactive Safety: Event Review and Sharing | | | | | | | | |
| | | | Safety | | 4.00% | 0.00% | 173,692.44 | - | 173,692.44 | 67,758 | - | 67,758 |
| | | | | Proactive Safety: Site Inspection Program | | | | | | | | |
| | | | Safety | | 4.00% | 0.00% | 173,692.44 | - | 173,692.44 | 67,758 | - | 67,758 |
| | | | Safety | Proactive Safety: CORE visits | 4.00% | 0.00% | 173,692.44 | - | 173,692.44 | 67,758 | - | 67,758 |
| | | | | Proactive Safety: Contractor Safety | | | | | | | | |
| | | | Safety | Management | 4.00% | 0.00% | 173,692.44 | - | 173,692.44 | 67,758 | - | 67,758 |
| | | | Safety | Proactive Safety: Good Catch Program | 4.00% | 0.00% | 173,692.44 | - | 173,692.44 | 67,758 | - | 67,758 |
| | | | Other | Accountability Index (culture survey) | 0.00% | 5.00% | - | 54,004.90 | 54,004.90 | - | 19,338 | 19,338 |
| | | | Other | Diversity | 0.00% | 2.00% | - | 21,601.96 | 21,601.96 | - | 7,735 | 7,735 |
| | | | | NERC Compliance - Notice of Violation (NOV) | | | | | | | | |
| | | | Other | Factor | 10.00% | 0.00% | 434,231.11 | - | 434,231.11 | 169,395 | - | 169,395 |
| | | | Other | Environmental Stewardship | 4.00% | 0.00% | 173,692.44 | - | 173,692.44 | 67,758 | - | 67,758 |
| | | | | Environmental Event Recordable Reduction | | | | | | | | |
| | | | Other | | 10.00% | 0.00% | 434,231.11 | - | 434,231.11 | 169,395 | - | 169,395 |
| | | | Other | Regulated Cost Recovery | 8.00% | 0.00% | 347,384.89 | - | 347,384.89 | 135,516 | - | 135,516 |
| | | | Other | Fuel Cost Recovery | 0.00% | 5.00% | - | 54,004.90 | 54,004.90 | - | 19,338 | 19,338 |
| | | | Other | Fleet Transistion | 0.00% | 15.00% | - | 162,014.70 | 162,014.70 | - | 58,013 | 58,013 |
| | | | Other | Maximo Strategy | 0.00% | 3.00% | - | 32,402.94 | 32,402.94 | - | 11,603 | 11,603 |
| | | | | Environmental Event Recordable Reduction | | | | | | | | |
| | | | Other | | 0.00% | 10.00% | - | 108,009.80 | 108,009.80 | - | 38,675 | 38,675 |
| | | | Other | Equipment Failure | 0.00% | 5.00% | - | 54,004.90 | 54,004.90 | - | 19,338 | 19,338 |
| | | | | Total | 100.00% | 100.00% | 4,342,311.10 | 1,080,097.97 | 5,422,409.07 | 1,693,948 | 386,755 | 2,080,703 |
| AEP Transmission | 495,380.02 | 120,036.43 | Earnings | Earnings | 10.00% | 20.00% | 49,538.00 | 24,007.29 | 73,545.29 | - | - | - |
| | | | Expense Containment | Sustainable Efficiency Gains | 5.00% | 0.00% | 24,769.00 | - | 24,769.00 | 10,995.73 | - | 10,996 |
| | | | Expense Containment | O&M Improvement | 0.00% | 5.00% | - | 6,001.82 | 6,001.82 | - | 4,190 | 4,190 |

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SOUTHWESTERN ELECTRIC POWER COMPANY
INCENTIVE COMPENSATION INFORMATION

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Test Year Expense

| Plan | 2019 | 2020 | Category | Goals or Performance Measures | Weight 2019 | Weight 2020 | 2019 Test Year Exp | 2020 Test Year Exp | Total Test Year Exp | 2019 Amt incl in Proforma Op Exp | 2020 Amt incl in Proforma Op Exp | Amount incl in Proforma Op Exp |
|--------------------|------------|-----------|------------------|---------------------------------------------|----------------|----------------|-----------------------|-----------------------|------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
| | | | | Proactive SAIDI - Targeted Capital work | 5.00% | 0.00% | 24,769.00 | - | 24,769.00 | 10,995.73 | - | 10,996 |
| | | | | Projects directed toward future SAIDI | | | | | | | | |
| | | | Customer Service | Reduction | | | | | | | | |
| | | | Customer Service | QOS: SAIDI | 0.00% | 5.00% | - | 6,001.82 | 6,001.82 | - | 4,190 | 4,190 |
| | | | | QOS: Proactive SAIDI Measures & Reliability | 0.00% | 5.00% | - | 6,001.82 | 6,001.82 | - | 4,190 | 4,190 |
| | | | Customer Service | | | | | | | | | |
| | | | Customer Service | Hard SAIDI Target - Combined T&D SAIDI, | 5.00% | 0.00% | 24,769.00 | - | 24,769.00 | 10,995.73 | - | 10,996 |
| | | | | Total AEP Target | | | | | | | | |
| | | | Customer Service | Customer Focus: Service Quality & Customer | 5.00% | 20.00% | 24,769.00 | 24,007.29 | 48,776.29 | 10,995.73 | 16,761 | 27,757 |
| | | | Customer Service | Satisfaction | | | | | | | | |
| | | | Safety | DART Rate (Employee & Contractors | 5.00% | 5.00% | 24,769.00 | 6,001.82 | 30,770.82 | 10,995.73 | 4,190 | 15,186 |
| | | | Safety | combined) | | | | | | | | |
| | | | Safety | TRIR Rate Employee & Contractor | 5.00% | 0.00% | 24,769.00 | - | 24,769.00 | 10,995.73 | - | 10,996 |
| | | | Safety | Proactive Safety: Event Review and Sharing | 4.00% | 0.00% | 19,815.20 | - | 19,815.20 | 8,796.58 | - | 8,797 |
| | | | Safety | | | | | | | | | |
| | | | Safety | Proactive Safety: Site Inspection Program | 4.00% | 0.00% | 19,815.20 | - | 19,815.20 | 8,796.58 | - | 8,797 |
| | | | Safety | | | | | | | | | |
| | | | Safety | Proactive Safety: CORE visits | 4.00% | 0.00% | 19,815.20 | - | 19,815.20 | 8,796.58 | - | 8,797 |
| | | | Safety | Proactive Safety: Contractor Safety | 4.00% | 0.00% | 19,815.20 | - | 19,815.20 | 8,796.58 | - | 8,797 |
| | | | Safety | Management | | | | | | | | |
| | | | Safety | Proactive Safety: Good Catch Program | 4.00% | 0.00% | 19,815.20 | - | 19,815.20 | 8,796.58 | - | 8,797 |
| | | | Safety | Proactive Safety Performance | 0.00% | 20.00% | - | 24,007.29 | 24,007.29 | - | 16,761 | 16,761 |
| | | | Other | Transmission Business Expansion - Plant in | 10.00% | 0.00% | 49,538.00 | - | 49,538.00 | 21,991.45 | - | 21,991 |
| | | | Other | Service | | | | | | | | |
| | | | Other | Transmission Business Expansion - Capital | 10.00% | 0.00% | 49,538.00 | - | 49,538.00 | 21,991.45 | - | 21,991 |
| | | | Other | Investment | | | | | | | | |
| | | | Other | NERC Compliance (Repeat Event Reduction) | 2.50% | 0.00% | 12,384.50 | - | 12,384.50 | 5,497.86 | - | 5,498 |
| | | | Other | | | | | | | | | |
| | | | Other | Southwest Power Pool (SPP) G&T - RFP and | 5.00% | 0.00% | 24,769.00 | - | 24,769.00 | 10,995.73 | - | 10,996 |
| | | | Other | regulatory applications | | | | | | | | |
| | | | Other | Transmission Strategic Initiatives | 5.00% | 0.00% | 24,769.00 | - | 24,769.00 | 10,995.73 | - | 10,996 |
| | | | Other | Culture Action Plan | 2.50% | 0.00% | 12,384.50 | - | 12,384.50 | 5,497.86 | - | 5,498 |
| | | | Other | Establish & Implement New Training | 5.00% | 0.00% | 24,769.00 | - | 24,769.00 | 10,995.73 | - | 10,996 |
| | | | Other | Programs: Technical & Field | | | | | | | | |
| | | | Other | Accountability Index (culture survey) | 0.00% | 2.50% | - | 3,000.91 | 3,000.91 | - | 2,095 | 2,095 |
| | | | Other | Diversity | 0.00% | 2.50% | - | 3,000.91 | 3,000.91 | - | 2,095 | 2,095 |
| | | | Other | Infrastructure Investment | 0.00% | 5.00% | - | 6,001.82 | 6,001.82 | - | 4,190 | 4,190 |
| | | | Other | NERC Compliance (30 critical reliability | 0.00% | 5.00% | - | 6,001.82 | 6,001.82 | - | 4,190 | 4,190 |
| | | | Other | standard requirements) | | | | | | | | |
| | | | Other | Misoperations reduction plan | 0.00% | 5.00% | - | 6,001.82 | 6,001.82 | - | 4,190 | 4,190 |
| | | | | | | | | | | | | |
| | | | | | 100.00% | 100.00% | 495,380.02 | 120,036.43 | 615,416.45 | 197,923 | 67,043 | 264,966 |
| Performance Shares | 426,131.87 | 78,740.45 | Company Earnings | | | | 426,131.87 | 78,740.45 | 504,872.32 | - | - | |
| Restricted Stock | 111,437.31 | 40,971.31 | N/A | | | | | | | | | |

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| Incentive Plan | Amount | a | b | c | d | e | Other |
|-------------------------------|-----------|------------------|----------------------------------------|------------------------|------------------|-----------|-----------|
| | | Company Earnings | Utility Investment Cost Containment | Expense Containment | Customer Service | Safety | |
| <u>Test Year Expense</u> | | | | | | | |
| Executive/Staff/Other | 7,074,102 | 5,196,687 | - | 180,232 | 300,387 | 480,618 | 916,179 |
| AEP Generation | 4,042,215 | - | 262,744 | 808,443 | 333,483 | 1,212,664 | 1,424,881 |
| AEP Transmission | 2,698,075 | 337,259 | - | 134,904 | 505,889 | 775,697 | 944,326 |
| Distribution/Performance Mgmt | 577,294 | 43,297 | - | 21,649 | 129,891 | 129,891 | 252,566 |
| Performance Shares | 3,550,008 | 1,775,004 | | | | | 1,775,004 |
| Restricted Stock Units | 1,336,872 | N/A | N/A | N/A | N/A | N/A | N/A |

SOAH DOCKET NO. 473-21-0538
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SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION

Question No. Staff 5-28:

Refer to WP Schedule A-3.2, page 2 of 3, and provide detailed step-by-step explanations of the calculations of the amounts excluded as financial goals and ½ of funding for the annual incentive compensation adjustment.

Response No. Staff 5-28:

See Staff 5-28 Attachment 1 for the information requested.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

The SWEPCO annual incentive compensation proforma adjustment presented on WP Schedule A-3.2 was developed as follows:

- a. Historic annual incentive compensation loading amounts were gathered by incentive plan, FERC account, fiscal year and month.
- b. 1.0 target amounts by fiscal year and plan were reduced to the portion attributable to the test year (9/12 of 2019 and 3/12 of 2020).
- c. 1.0 target amounts related to union employees by year and plan were reduced to the portion attributable to the test year (9/12 of 2019 and 3/12 of 2020).
- d. 1.0 target amounts related to union employees by year and plan were reduced to reflect billings to co-owners for union employees located at the Flint Creek, Pirkey and Turk facilities to determine the net target amounts attributable to union employees.
- e. The target amounts by fiscal year and plan (part b) are reduced by the net target amounts attributable to union employees (part d) resulting in the target non-union annual incentive amounts by fiscal year and plan.
- f. Based on each plan's specific goals for each year, the percentage of financial based goals are determined and removed from the target non-union annual incentive amounts.
- g. The resulting non-financial based non-union annual incentive amounts (part f) are then reduced by one half of the funding measure for each plan and year. This remaining amount of annual incentive compensation is then added to the net target amounts attributable to union employees (part d) to become the adjusted test year annual incentive compensation.
- h. The distribution of the historic annual incentive compensation information (part a) to FERC accounts is used to distribute the adjusted test year annual incentive compensation.
- i. The difference between the historic amounts (part a) and the adjusted test year amounts (part h) for the O&M FERC accounts become the proforma adjustment on WP Schedule A-3.2.

STAFF ADJUSTMENT TO PENSION EXPENSE

| | SWEPCO Adjustment | Staff Adjustment |
|-----------------------------------------------------------------|----------------------|---------------------------------------------------------|
| <u>Test Year Pension Expense</u> | | |
| A/C 9260003 - Pension Plan - Service Cost | 8,879,378 | |
| A/C 9260062 - Pension Plan Non Service Cost | (1,433,783) | |
| A/C 9260050 - Overhead Loading-Pension | (3,031,460) * | |
| Total Pension Expense Per Books | 4,414,135 | Staff Test Year Pension Expense per Books |
| A/C 9260037 - SERP - Service Costs, Remove from TY Expense | (7,966) | (7,966) Not included in Pension Expense |
| A/C 9260042 - SERP Non Service Costs, Remove from TY Expense | (85,215) | (85,215) Not included in Pension Expense |
| Total Pension Per Books Expense, Excluding SERP | 4,320,953 | (93,182) Staff SERP Adjustment |
| <u>Actuarial Report</u> | | |
| 2019 ASC 715-30 (SFAS 87) Pension Expense Service Cost | 9,882,001 | 9,882,001 Service Cost |
| 2019 ASC 715-30 (SFAS 87) Pension Expense Non Service Cost | 117,360 | (3,373,760) Less Overhead loading (9,882,001x34.14%) |
| | 9,999,361 | 6,508,241 Service Cost Expense |
| Payroll O&M Percentage G-1 3 | 69.71% | 117,360 Non Service Cost |
| Pro-Forma Pension Expense | 6,970,767 | 6,625,601 Staff Pro Forma Pension Expense |
| | | 4,414,135 Staff Test Year Pension Expense per Books |
| Pro-Forma Adjustment | 2,649,813 | 2,211,466 Staff Adjustment to Test Year |
| | | (2,649,813) Less Company Adjustment to test year |
| | | (438,347) Staff Adjustment to Company Request - Pension |

*Test Year Overhead loading as %
of Service Cost $(3,031,460 \div 8,879,378 = 34.14\%)$

Excerpt from Schedule A-4
 Detail Trial Balance
 Test-Year End March 31, 2020

| | | | | |
|------------|------------------------------|---------|--------------------------------|----------------|
| 9260 | Employee Pensions & Benefits | 9260000 | Employee Pensions & Benefits | (1,352,469.33) |
| | | 9260001 | Edit & Print Empl Pub-Salaries | 21,205.66 |
| | | 9260002 | Pension & Group Ins Admin | 60,739.06 |
| | | 9260003 | Pension Plan | 8,879,378.47 |
| | | 9260004 | Group Life Insurance Premiums | 602,755.61 |
| | | 9260005 | Group Medical Ins Premiums | 17,588,052.95 |
| | | 9260006 | Physical Examinations | 410.00 |
| | | 9260007 | Group L-T Disability Ins Prem | 813,927.84 |
| | | 9260009 | Group Dental Insurance Prem | 663,696.27 |
| | | 9260010 | Training Administration Exp | 10,263.79 |
| | | 9260012 | Employee Activities | 63,971.59 |
| | | 9260014 | Educational Assistance Pmts | 114,969.59 |
| | | 9260021 | Postretirement Benefits - OPEB | 779,388.53 |
| | | 9260027 | Savings Plan Contributions | 6,272,732.48 |
| | | 9260036 | Deferred Compensation | (6,493.74) |
| | | 9260037 | Supplemental Pension | 7,996.47 |
| | | 9260040 | SFAS 112 Postemployment Benef | 2,466,637.00 |
| | | 9260042 | SERP Pension - Non-Service | 85,215.47 |
| | | 9260043 | OPEB - Non-Service | (7,135,165.75) |
| | | 9260050 | Frg Ben Loading - Pension | (3,031,459.92) |
| | | 9260051 | Frg Ben Loading - Grp Ins | (6,408,907.41) |
| | | 9260052 | Frg Ben Loading - Savings | (2,138,390.71) |
| | | 9260053 | Frg Ben Loading - OPEB | (511,859.18) |
| | | 9260055 | IntercoFringeOffset- Don't Use | (3,445,020.09) |
| | | 9260057 | Postret Ben Medicare Subsidy | 0.00 |
| | | 9260058 | Frg Ben Loading - Accrual | (129,980.41) |
| | | 9260060 | Amort-Post Retirement Benefit | 533,310.00 |
| | | 9260062 | Pension Plan - Non-Service | (1,433,783.25) |
| 9260 Total | | | | 13,373,090.99 |

SOUTHWESTERN ELECTRIC POWER COMPANY
Pension Expense
For the Test Year Ended March 31, 2020

| Line No. | (1) Description | (2) Schedule A Reference | (3) Workpaper Reference | (4) Acct Reference | (5) Exp Amt As Adjusted | (6) TY Amt Per Books | (7) Total Adjustment |
|-------------|--------------------|--------------------------------|-------------------------------|--------------------------|-------------------------------|----------------------------|----------------------------|
| 1 | Pension Expense | Sch A, ln 4 | WP/A-3.10 | 926 | 6,970,767 | 4,320,953 | \$2,649,813 |
| 2 | Total | | | | <u>6,970,767</u> | <u>4,320,953</u> | <u>2,649,813</u> |

Justification for requested adjustment:

Adjust pension expense to reflect 2019 actuarial study as described in the testimonies of Mr. Michael Baird.

| ASC 715-30 (SFAS 87) Pension Expense | | | |
|--------------------------------------------------------------|------------------|--------------------|------|
| <u>Test Year Pension Expense:</u> | | | |
| A/C 9260003 - Pension Plan - Service Cost | | 8,879,378 | |
| A/C 9260062 - Pension Plan Non Service Cost | | (1,433,783) | |
| A/C 9260050 - Overhead Loading-Pension | | <u>(3,031,460)</u> | |
| | | 4,414,135 | |
| A/C 9260037 - SERP - Service Costs, Remove from TY Expense | | (7,966) | |
| A/C 9260042 - SERP Non Service Costs, Remove from TY Expense | | <u>(85,215)</u> | |
| Total Pension Per Books Expense, Excluding SERP | | 4,320,953 | |
| <u>Actuarial Report</u> | | | |
| 2019 ASC 715-30 (SFAS 87) Pension Expense | Service Cost | 9,882,001 | |
| 2019 ASC 715-30 (SFAS 87) Pension Expense | Non Service Cost | <u>117,360</u> | |
| | | 9,999,361 | |
| Payroll O&M Percentage | G-1.3 | <u>69.71%</u> | |
| Pro-Forma Pension Expense | | 6,970,767 | |
| Pro-Forma Adjustment | | <u>2,649,813</u> | 9260 |

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-30:

Refer to the testimony of Michael A. Baird at page 26, lines 11-13. Where is SWEPCO's direct supplemental pension plan expense removed in the Company's request? Provide cites to the relevant pro forma adjustment that includes the amounts removed by FERC account (both expensed and capitalized).

Response No. Staff 5-30:

The supplemental pension plan expense was removed on Adjustment 3.10. Please see WP A-3.10, provided as Staff 5-30 Attachment 1. As can be seen on this workpaper, SERP amounts of \$7,966 and \$85,215 were removed from FERC Account 926.

Prepared By: Randall W. Hamlett

Title: Dir Regulatory Acctg Svcs

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SOUTHWESTERN ELECTRIC POWER COMPANY
Pension Expense
For the Test Year Ended March 31, 2020

SOAH Docket No. 473-21-0538
PUC Docket No. 51415
Staff's 5th, Q # Staff 5-30
Attachment 1
Page 1 of 1
W/P Schedule A-3.10

| Line No. | (1) Description | (2) Schedule A Reference | (3) Workpaper Reference | (4) Acct Reference | (5) Exp Amt As Adjusted | (6) TY Amt Per Books | (7) Total Adjustment |
|----------|--------------------|--------------------------------|-------------------------------|--------------------------|-------------------------------|----------------------------|----------------------------|
| 1 | Pension Expense | Sch A, In 4 | WP/A-3.10 | 926 | 6,970,767 | 4,320,953 | \$2,649,813 |
| 2 | Total | | | | <u>6,970,767</u> | <u>4,320,953</u> | <u>2,649,813</u> |

Justification for requested adjustment:

Adjust pension expense to reflect 2019 actuarial study as described in the testimonies of Mr. Michael Baird.

| ASC 715-30 (SFAS 87) Pension Expense | | | |
|--------------------------------------------------------------|------------------|--------------------|------|
| <u>Test Year Pension Expense:</u> | | | |
| A/C 9260003 - Pension Plan - Service Cost | | 8,879,378 | |
| A/C 9260062 - Pension Plan Non Service Cost | | (1,433,783) | |
| A/C 9260050 - Overhead Loading-Pension | | <u>(3,031,460)</u> | |
| | | 4,414,135 | |
| A/C 9260037 - SERP - Service Costs, Remove from TY Expense | | (7,966) | |
| A/C 9260042 - SERP Non Service Costs, Remove from TY Expense | | <u>(85,215)</u> | |
| Total Pension Per Books Expense, Excluding SERP | | 4,320,953 | |
| <u>Actuarial Report</u> | | | |
| 2019 ASC 715-30 (SFAS 87) Pension Expense | Service Cost | 9,882,001 | |
| 2019 ASC 715-30 (SFAS 87) Pension Expense | Non Service Cost | <u>117,360</u> | |
| | | 9,999,361 | |
| Payroll O&M Percentage | G-1.3 | <u>69.71%</u> | |
| Pro-Forma Pension Expense | | 6,970,767 | |
| Pro-Forma Adjustment | | <u>2,649,813</u> | 9260 |

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 4-42:

Retirement plans: Please provide the amounts included in test year operating expenses for each retirement plan and post-retirement benefits.

Response No. CARD 4-42:

The amounts included in test year operating expenses for each retirement plan and post-retirement benefits are:

| | |
|---------------------------------|---------------|
| Pension | \$4,414,135 |
| SERP | \$93,182 |
| Post-retirement Healthcare Plan | (\$5,945,367) |

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

SOUTHWESTERN ELECTRIC POWER COMPANY
Detail Trial Balance
For the Test Year Ended March 31, 2020

| (1) | (2) | (3) | (4) | (5) | (6) |
|--------------|------------------------------|---------|--------------------------------|-----------------------------|------------------------|
| FERC Account | FERC Account Description | Account | Account Description | Test Year Ending Balance | Schedule A-2 Reference |
| 9260 | Employee Pensions & Benefits | 9260000 | Employee Pensions & Benefits | (1,352,469.33) | |
| | | 9260001 | Edit & Print Empl Pub-Salaries | 21,205.66 | |
| | | 9260002 | Pension & Group Ins Admin | 60,739.06 | |
| | | 9260003 | Pension Plan | 8,879,378.47 | ← |
| | | 9260004 | Group Life Insurance Premiums | 602,755.61 | |
| | | 9260005 | Group Medical Ins Premiums | 17,588,052.95 | |
| | | 9260006 | Physical Examinations | 410.00 | |
| | | 9260007 | Group L-T Disability Ins Prem | 813,927.84 | |
| | | 9260009 | Group Dental Insurance Prem | 663,696.27 | |
| | | 9260010 | Training Administration Exp | 10,263.79 | |
| | | 9260012 | Employee Activities | 63,971.59 | |
| | | 9260014 | Educational Assistance Pmts | 114,969.59 | |
| | | 9260021 | Postretirement Benefits - OPEB | 779,388.53 | |
| | | 9260027 | Savings Plan Contributions | 6,272,732.48 | |
| | | 9260036 | Deferred Compensation | (6,493.74) | |
| | | 9260037 | Supplemental Pension | 7,966.47 | ← |
| | | 9260040 | SFAS 112 Postemployment Benef | 2,466,637.00 | |
| | | 9260042 | SERP Pension - Non-Service | 85,215.47 | ← |
| | | 9260043 | OPEB - Non-Service | (7,135,165.75) | |
| | | 9260050 | Frg Ben Loading - Pension | (3,031,459.92) | ← |
| | | 9260051 | Frg Ben Loading - Grp Ins | (6,406,907.41) | |
| | | 9260052 | Frg Ben Loading - Savings | (2,138,390.71) | |
| | | 9260053 | Frg Ben Loading - OPEB | (511,859.18) | |
| | | 9260055 | IntercoFngeOffset- Don't Use | (3,445,020.09) | |
| | | 9260057 | Postret Ben Medicare Subsidy | 0.00 | |
| | | 9260058 | Frg Ben Loading - Accrual | (129,980.41) | |
| | | 9260060 | Amort-Post Retirement Benefit | 533,310.00 | |
| | | 9260062 | Pension Plan - Non-Service | (1,433,783.25) | ← |
| 9260 Total | | | | 13,373,090.99 | Sch A-2 ln 5, 19 |

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 4-43:

Retirement plans: Please provide the amounts included in pro forma operating expenses for each retirement plan and post-retirement benefits.

Response No. CARD 4-43:

The amounts included in pro forma operating expenses for each retirement plan and post-retirement benefits are:

| | |
|---------------------------------|---------------|
| Pension | \$6,970,767 |
| SERP | \$0 |
| Post-retirement Healthcare Plan | \$(5,398,507) |

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S FOURTH SET OF REQUESTS
FOR INFORMATION**

Question No. CARD 4-49:

Employee Benefits: Please provide copies of the documents supporting the test year level of employee benefits.

Response No. CARD 4-49:

Please refer to CARD_4-49_Attachment_1.xlsx describing the test year level of employee benefits. Employee benefits are recorded in FERC Account 926 which is supported by the Company's trial balance. Please see CARD_4-49_Attachment_2_(Employee Benefits).xlsx for amounts supporting the test year level of employee benefits. See "Summary of 926 Accounts" tab for a summary of FERC 926 accounts by benefit type. See "926 Accounts-Detail" tab for the detailed sub-account balances used in the summary, and see Schedule A-4 of the RFP for the full test year trial balance. Please see CARD_4-49_Attachment_3.xlsx for Total AEPSC Employee Benefits charged to FERC Account 926 on AEPSC during the Test Year, and Amount of AEPSC Employee Benefits billed to SWEPCO during the Test Year. Amount billed to SWEPCO doesn't include any pro-forma adjustments.

CARD 4-49 Attachments 1 through 3 are available electronically on the PUC Interchange.

Prepared By: Susan I. Scheer

Title: Benefits Consultant

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

**Southwestern Electric Power Company
Summary of FERC 926 Accounts
Test Year Ending 3/31/2020**

SOAH Docket No. 473-21-0538
PUC Docket No. 51415
CARD's 4th, Q. # 4-49
Attachment 2
Page 1 of 1

Below is a summary of FERC 926 accounts supporting the test year level of employee benefits. See "926 Accounts" tab for the detailed sub-account balances used in this summary and their respective categorizations. See Schedule A-4 of the RFP full test year trial balance (including all FERC 926 accounts).

| Category | Total |
|-----------------------------------------------|-------------|
| Deferred Compensation | (6,494) |
| Group Dental Insurance Premiums | 663,696 |
| Group Life Insurance Premiums | 602,756 |
| Group Long-Term Disability Insurance Premiums | 813,928 |
| Group Medical Insurance Premiums | 11,181,146 |
| Other | (4,655,910) |
| Pension Plan | 4,414,135 |
| Postemployment Benefit Plan - OPEB | 2,466,637 |
| Postretirement Benefits - OPEB | (6,334,326) |
| Savings Plan Contributions (401k) | 4,134,342 |
| Supplemental Executive Retirement Plan | 93,182 |
| Grand Total | 13,373,091 |

SOUTHWESTERN ELECTRIC POWER COMPANY
FERC 926 Accounts
TEST YEAR ENDING MARCH 31, 2020

SOAH Docket No. 473-21-0538
PUC Docket No. 51415
CARD's 4th, Q. # 4-49
Attachment 2
Page 1 of 1

| Account | Description | Amount | Category |
|----------------------------------------------|--------------------------------|-------------------|-----------------------------------------------|
| 9260000 | Employee Pensions & Benefits | (1,352,469) | Other |
| 9260001 | Edit & Print Empl Pub-Salaries | 21,206 | Other |
| 9260002 | Pension & Group Ins Admin | 60,739 | Other |
| 9260003 | Pension Plan | 8,879,378 | Pension Plan |
| 9260004 | Group Life Insurance Premiums | 602,756 | Group Life Insurance Premiums |
| 9260005 | Group Medical Ins Premiums | 17,588,053 | Group Medical Insurance Premiums |
| 9260006 | Physical Examinations | 410 | Other |
| 9260007 | Group L-T Disability Ins Prem | 813,928 | Group Long-Term Disability Insurance Premiums |
| 9260009 | Group Dental Insurance Prem | 663,696 | Group Dental Insurance Premiums |
| 9260010 | Training Administration Exp | 10,264 | Other |
| 9260012 | Employee Activities | 63,972 | Other |
| 9260014 | Educational Assistance Pmts | 114,970 | Other |
| 9260021 | Postretirement Benefits - OPEB | 779,389 | Postretirement Benefits - OPEB |
| 9260027 | Savings Plan Contributions | 6,272,732 | Savings Plan Contributions (401k) |
| 9260036 | Deferred Compensation | (6,494) | Deferred Compensation |
| 9260037 | Supplemental Pension | 7,966 | Supplemental Executive Retirement Plan |
| 9260040 | SFAS 112 Postemployment Benef | 2,466,637 | Postemployment Benefit Plan - OPEB |
| 9260042 | SERP Pension - Non-Service | 85,215 | Supplemental Executive Retirement Plan |
| 9260043 | OPEB - Non-Service | (7,135,166) | Postretirement Benefits - OPEB |
| 9260050 | Frg Ben Loading - Pension | (3,031,460) | Pension Plan |
| 9260051 | Frg Ben Loading - Grp Ins | (6,406,907) | Group Medical Insurance Premiums |
| 9260052 | Frg Ben Loading - Savings | (2,138,391) | Savings Plan Contributions (401k) |
| 9260053 | Frg Ben Loading - OPEB | (511,859) | Postretirement Benefits - OPEB |
| 9260055 | IntercoFringeOffset- Don't Use | (3,445,020) | Other |
| 9260058 | Frg Ben Loading - Accrual | (129,980) | Other |
| 9260060 | Amort-Post Retirement Benefit | 533,310 | Postretirement Benefits - OPEB |
| 9260062 | Pension Plan - Non-Service | (1,433,783) | Pension Plan |
| Employee pension and benefits, Line 236 WP A | | <u>13,373,091</u> | |

FINANCIAL ACCOUNTING SERIES



ACCOUNTING STANDARDS UPDATE

No. 2017-07
March 2017

Compensation—Retirement Benefits (Topic 715)

Improving the Presentation of Net Periodic Pension
Cost and Net Periodic Postretirement Benefit Cost

An Amendment of the *FASB Accounting Standards Codification*®

Financial Accounting Standards Board

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Accounting Standards Update

No. 2017-07
March 2017

Compensation—Retirement Benefits (Topic 715)

Improving the Presentation of Net Periodic Pension
Cost and Net Periodic Postretirement Benefit Cost

An Amendment of the *FASB Accounting Standards Codification*®

Financial Accounting Standards Board

Summary

Why Is the FASB Issuing This Accounting Standards Update (Update)?

The Board is issuing this Update primarily to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost, as discussed below. This Update also includes amendments to the Overview and Background Sections of the *FASB Accounting Standards Codification*® (as discussed in Part II of the amendments section) as part of the Board's initiative to unify and improve these sections across Topics and Subtopics.

Under generally accepted accounting principles (GAAP), defined benefit pension cost and postretirement benefit cost (net benefit cost) comprise several components that reflect different aspects of an employer's financial arrangements as well as the cost of benefits provided to employees. Those components are aggregated for reporting in the financial statements. Topic 715, Compensation—Retirement Benefits, does not prescribe where the amount of net benefit cost should be presented in an employer's income statement and does not require entities to disclose by line item the amount of net benefit cost that is included in the income statement or capitalized in assets.

Many stakeholders observed that the presentation of defined benefit cost on a net basis combines elements that are heterogeneous. As such, these stakeholders stated that the current presentation requirement is less transparent, reduces the decision usefulness of the financial information, and requires users to incur greater costs in analyzing financial statements.

To improve the reporting of net benefit cost in the financial statements, the Board added a standard-setting project to provide additional guidance on the presentation of net benefit cost in the income statement and on the components eligible for capitalization in assets.

Who Is Affected by the Amendments in This Update?

The amendments in this Update apply to all employers, including not-for-profit entities, that offer to their employees defined benefit pension plans, other postretirement benefit plans, or other types of benefits accounted for under Topic 715.

What Are the Main Provisions?

The amendments in this Update require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost as defined in paragraphs 715-30-35-4 and 715-60-35-9 are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. If a separate line item or items are used to present the other components of net benefit cost, that line item or items must be appropriately described. If a separate line item or items are not used, the line item or items used in the income statement to present the other components of net benefit cost must be disclosed.

The amendments in this Update also allow only the service cost component to be eligible for capitalization when applicable (for example, as a cost of internally manufactured inventory or a self-constructed asset).

How Do the Main Provisions Differ from Current Generally Accepted Accounting Principles (GAAP) and Why Are They an Improvement?

The amendments in this Update require that an employer disaggregate the service cost component from the other components of net benefit cost. The amendments also provide explicit guidance on how to present the service cost component and the other components of net benefit cost in the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization.

The amendments in this Update improve the consistency, transparency, and usefulness of financial information to users that have communicated that the service cost component generally is analyzed differently from the other components of net benefit cost.

The amendments in this Update are considered an important part of the Board's continuing efforts to improve the accounting related to defined benefit pension or other postretirement benefit plans.

What Are the Transition Requirements and When Will the Amendments Be Effective?

The amendments in this Update are effective for public business entities for annual periods beginning after December 15, 2017, including interim periods within those

annual periods. For other entities, the amendments in this Update are effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted as of the beginning of an annual period for which financial statements (interim or annual) have not been issued or made available for issuance. That is, early adoption should be within the first interim period if an employer issues interim financial statements. Disclosures of the nature of and reason for the change in accounting principle are required in the first interim and annual periods of adoption.

The amendments in this Update should be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. The amendments allow a practical expedient that permits an employer to use the amounts disclosed in its pension and other postretirement benefit plan note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements. Disclosure that the practical expedient was used is required.

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-35:

Does the Company's requested revenue requirement include amounts for executive perquisites such as financial planning and tax gross-ups? If so, please provide an explanation of the types of perquisites included, a copy of the Company's policies regarding the payment of such perquisites, and the amount of such payments included in the revenue requirement by FERC account.

Response No. Staff 5-35:

Please refer to Company response to Staff 5-32 (Staff 5-32 Attachment 1) which has the amount of executive perquisites billed to SWEPCO from AEPSC by FERC Account. Perquisites provided include: financial counseling and tax preparation services, and for certain executives, director's group travel accident insurance premium. Please see Staff 5-35 Attachment 1 for an excerpt from the Company's Proxy discussing executive perquisites. The total company amount of ~~SWEPCO executive perquisites included in the revenue requirement~~ by FERC account were \$1,057 in FERC account 9010 and \$11,054 in FERC account 9200.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Andrew R. Carlin

Title: Dir Comp & Executive Benefits

11,054
1,057
12,111

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-32:

For each employee of SWEPCO, its parent company, or affiliate whose salary and benefits are in any way included in SWEPCO's revenue requirement and whose salary and benefits are subject to the \$1 million deductibility limit under the Tax Cuts and Jobs Act of 2017, provide for each individual the total compensation by type and the amount of such compensation included in SWEPCO's request by FERC account.

Response No. Staff 5-32:

Please refer to Staff 5-32 Attachment 1 for analysis of AEPSC employees subject to the \$1 million deductibility limit under the Tax Cuts and Jobs Act of 2017, and the amounts of compensation by type billed to SWEPCO during the test year by FERC Account for each individual. SWEPCO has no employees that meet this threshold.

Prepared By: Frances K. Bourland

Title: Regulatory Acctg Case Mgr

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Sponsored By: Brian J. Frantz

Title: Dir Accounting

SOUTHWESTERN ELECTRIC POWER COMPANY
Executive Compensation
Billed from AEPSC to SWEPCO by FERC Account by Type
For The Test Year Ended March 31, 2020

| Executive | FERC Acct | Salary | Stock Awards | Non-Equity Incentive Plan Compensation | Change in Pension Value and Nonqualified Deferred Compensation | Retirement Savings Plan | Supplemental Retirement Savings Plan | Perquisites |
|--------------------|---------------------------------------|----------------|------------------|-------------------------------------------|----------------------------------------------------------------------------|----------------------------|--------------------------------------------|--------------|
| Executive #1 | 1880 - R&D Expenses | 1,437 | 8,546 | 3,506 | 516 | 12 | 75 | 21 |
| Executive #1 | 4264 - Civic & Political Activities | 3,867 | 22,994 | 9,433 | 1,389 | 33 | 203 | 57 |
| Executive #1 | 5000 - Oper Supervision & Engineering | 7,193 | 42,774 | 17,548 | 2,584 | 61 | 377 | 105 |
| Executive #1 | 9200 - Administrative & Gen Salaries | 122,086 | 725,984 | 297,840 | 43,861 | 1,042 | 6,404 | 1,789 |
| Executive #1 | 9302 - Misc General Expenses | 7,364 | 43,791 | 17,966 | 2,646 | 63 | 386 | 108 |
| Executive #2 | 9200 - Administrative & Gen Salaries | 59,313 | 326,566 | 83,184 | 17,522 | 1,270 | 3,994 | 1,572 |
| Executive #3 | 5000 - Oper Supervision & Engineering | 185 | 394 | 236 | 47 | 3 | 13 | 4 |
| Executive #3 | 9200 - Administrative & Gen Salaries | 44,659 | 95,255 | 57,010 | 11,467 | 830 | 3,111 | 899 |
| Executive #3 | 9250 - Injuries and Damages | 1,465 | 3,125 | 1,870 | 376 | 27 | 102 | 29 |
| Executive #3 | 9280 - Regulatory Commission Exp | 744 | 1,586 | 949 | 191 | 14 | 52 | 15 |
| Executive #4 | 1070 - Construction Work In Progress | 7,146 | 13,187 | 9,290 | 2,569 | 146 | 487 | 236 |
| Executive #4 | 9200 - Administrative & Gen Salaries | 58,801 | 108,516 | 76,445 | 21,141 | 1,204 | 4,009 | 1,938 |
| Executive #5 | 9200 - Administrative & Gen Salaries | 80,313 | 411,640 | 110,184 | 47,612 | 1,276 | 6,376 | 2,025 |
| Grand Total | | 394,572 | 1,804,359 | 685,462 | 151,923 | 5,984 | 25,589 | 8,798 |

| Executive | FERC Acct | Salary | Stock Awards | Non-Equity Incentive Plan Compensati on | Change in Pension Value and Nonqualifie d Deferred Compensat ion | Retirement Savings Plan | Suppleme ntal Retiremen t Savings Plan | Perquisites |
|--------------------|---------------------------------------|----------------|------------------|-----------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------------|--------------|
| Executive #1 | 1880 - R&D Expenses | 1,437 | 8,546 | 3,506 | 516 | 12 | 75 | 21 |
| Executive #1 | 4264 - Civic & Political Activities | 3,867 | 22,994 | 9,433 | 1,389 | 33 | 203 | 57 |
| Executive #1 | 5000 - Oper Supervision & Engineering | 7,193 | 42,774 | 17,548 | 2,584 | 61 | 377 | 105 |
| Executive #1 | 9200 - Administrative & Gen Salaries | 122,086 | 725,984 | 297,840 | 43,861 | 1,042 | 6,404 | 1,789 |
| Executive #1 | 9302 - Misc General Expenses | 7,364 | 43,791 | 17,966 | 2,646 | 63 | 386 | 108 |
| Executive #2 | 9200 - Administrative & Gen Salaries | 59,313 | 326,566 | 83,184 | 17,522 | 1,270 | 3,994 | 1,572 |
| Executive #3 | 5000 - Oper Supervision & Engineering | 185 | 394 | 236 | 47 | 3 | 13 | 4 |
| Executive #3 | 9200 - Administrative & Gen Salaries | 44,659 | 95,255 | 57,010 | 11,467 | 830 | 3,111 | 899 |
| Executive #3 | 9250 - Injuries and Damages | 1,465 | 3,125 | 1,870 | 376 | 27 | 102 | 29 |
| Executive #3 | 9280 - Regulatory Commission Exp | 744 | 1,586 | 949 | 191 | 14 | 52 | 15 |
| Executive #4 | 1070 - Construction Work In Progress | 7,146 | 13,187 | 9,290 | 2,569 | 146 | 487 | 236 |
| Executive #4 | 9200 - Administrative & Gen Salaries | 58,801 | 108,516 | 76,445 | 21,141 | 1,204 | 4,009 | 1,938 |
| Executive #5 | 9200 - Administrative & Gen Salaries | 80,313 | 411,640 | 110,184 | 47,612 | 1,276 | 6,376 | 2,025 |
| Grand Total | | 394,572 | 1,804,359 | 685,462 | 151,923 | 5,984 | 25,589 | 8,798 |
| Expenses amount | | | | | | | | 8,484 |

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-48:

Has the Company included any amounts for carrying costs associated with affiliate or shared assets that have been charged by an affiliate in its revenue requirement? If so, please provide by FERC account the amount in total, amount that is debt based, and the amount considered equity return.

Response No. Staff 5-48:

The carrying charges are expenses billed to SWEPCO from AEPSC, related to AEPSC's occupancy/usage of other AEP affiliates' buildings. These charges are incurred by AEPSC, and therefore, must be billed to the affiliates benefitting from those charges.

Please see Staff 5-48 Attachment 1 for carrying costs associated with affiliate assets that have been charged by AEPSC to SWEPCO in cost of service accounts. Attachment has amounts by FERC account, total carrying costs, amount that is debt based, and the amount considered equity. Please see Staff 5-48 Attachment 2 for carrying costs associated with SWEPCO assets that have been charged by SWEPCO to affiliates, which would be included, as a reduction, in SWEPCO's revenue requirement.

Prepared By: Brian J. Frantz

Title: Dir Accounting

Sponsored By: Brian J. Frantz

Title: Dir Accounting

SOUTHWESTERN ELECTRIC POWER COMPANY

Carrying Costs associated with Affiliate Assets by FERC Acct

Billed from Affiliates to SWEPCO in Cost of Service Accounts

For The Test Year Ended March 31, 2020

| FERC Acct | Total Carrying Costs | Debt Component | Equity Component |
|---------------------------------------|----------------------|----------------|------------------|
| 5000 - Oper Supervision & Engineering | 101,385 | 26,738 | 74,648 |
| 5010 - Fuel | 6,612 | 1,744 | 4,867 |
| 5020 - Steam Expenses | 708 | 183 | 526 |
| 5050 - Electric Expenses | 33 | 9 | 24 |
| 5060 - Misc Steam Power Expenses | 7,441 | 1,960 | 5,481 |
| 5100 - Maint Supv & Engineering | 3,060 | 808 | 2,252 |
| 5110 - Maintenance of Structures | 765 | 202 | 563 |
| 5120 - Maintenance of Boiler Plant | 2,001 | 527 | 1,474 |
| 5130 - Maintenance of Electric Plant | 651 | 166 | 484 |
| 5140 - Maintenance of Misc Steam Plt | 246 | 62 | 184 |
| 5280 - Maint Supv & Engineering | 37 | 10 | 27 |
| 5290 - Maintenance of Structures | 0 | 0 | 0 |
| 5300 - Maint of Reactor Plant Equip | 2 | 1 | 2 |
| 5310 - Maintenance of Electric Plant | 0 | 0 | 0 |
| 5350 - Oper Supervision & Engineering | 51 | 13 | 37 |
| 5370 - Hydraulic Expenses | 6 | 2 | 5 |
| 5390 - Misc Hydr Power Generation Exp | 6 | 2 | 4 |
| 5450 - Maint of Misc Hydraulic Plant | 30 | 8 | 22 |
| 5510 - Maint Supv & Engineering | (1) | (0) | (1) |
| 5530 - Maintenance of Generating Plt | 73 | 19 | 54 |
| 5560 - Sys Control & Load Dispatching | 5,847 | 1,544 | 4,303 |
| 5570 - Other Expenses | 17,820 | 4,705 | 13,115 |
| 5600 - Oper Supervision & Engineering | 203,637 | 48,018 | 155,619 |
| 5612 - Load Dispatch-Mntr&Op TransSys | 73,937 | 18,889 | 55,048 |
| 5615 - Reliability,Plng&Stds Develop | 17,052 | 4,095 | 12,957 |
| 5620 - Station Expenses | 82 | 22 | 61 |
| 5630 - Overhead Line Expenses | 355 | 77 | 278 |
| 5660 - Misc Transmission Expenses | 31,152 | 7,552 | 23,600 |
| 5670 - Rents | 2 | 0 | 1 |
| 5680 - Maint Supv & Engineering | 219 | 47 | 172 |
| 5690 - Maintenance of Structures | 3 | 1 | 2 |
| 5691 - Maint of Computer Hardware | 895 | 228 | 666 |
| 5692 - Maint of Computer Software | 4,584 | 1,118 | 3,466 |
| 5700 - Maint of Station Equipment | 4,762 | 1,215 | 3,547 |
| 5710 - Maintenance of Overhead Lines | 587 | 125 | 461 |
| 5730 - Maint of Misc Trnsmssion Plt | 22 | 5 | 17 |
| 5800 - Oper Supervision & Engineering | 23,495 | 6,115 | 17,380 |
| 5820 - Station Expenses | 8,968 | 2,282 | 6,686 |
| 5830 - Overhead Line Expenses | 6 | 1 | 4 |
| 5840 - Underground Line Expenses | 307 | 81 | 226 |
| 5860 - Meter Expenses | 2,555 | 674 | 1,880 |
| 5880 - Miscellaneous Distribution Exp | 17,854 | 4,580 | 13,274 |
| 5890 - Rents | 1,140 | 361 | 779 |
| 5900 - Maint Supv & Engineering | 188 | 50 | 138 |
| 5920 - Maint of Station Equipment | 807 | 210 | 597 |
| 5930 - Maintenance of Overhead Lines | 1,466 | 329 | 1,137 |
| 5970 - Maintenance of Meters | 3 | 1 | 2 |
| 9010 - Supervision - Customer Accts | 784 | 207 | 577 |
| 9020 - Meter Reading Expenses | 1,330 | 351 | 978 |
| 9030 - Cust Records & Collection Exp | 121,180 | 31,998 | 89,182 |
| 9050 - Misc Customer Accounts Exp | 250 | 66 | 184 |
| 9070 - Supervision - Customer Service | 1,094 | 288 | 806 |
| 9080 - Customer Assistance Expenses | 492 | 130 | 362 |
| 9100 - Misc Cust Svc&Informational Ex | 684 | 181 | 504 |
| 9120 - Demonstrating & Selling Exp | 20 | 5 | 15 |
| 9200 - Administrative & Gen Salaries | 463,865 | 122,061 | 341,804 |
| 9210 - Office Supplies and Expenses | 2,030 | 536 | 1,494 |
| 9230 - Outside Services Employed | 32 | 8 | 24 |
| 9250 - Injuries and Damages | 124 | 33 | 91 |
| 9260 - Employee Pensions & Benefits | 330 | 82 | 247 |
| 9280 - Regulatory Commission Exp | 13,202 | 3,486 | 9,716 |
| 9301 - General Advertising Expenses | 2 | 1 | 2 |
| 9302 - Misc General Expenses | 15,105 | 3,871 | 11,234 |
| 9350 - Maintenance of General Plant | 3,056 | 807 | 2,249 |
| Grand Total | 1,164,427 | 298,889 | 865,537 |

SOUTHWESTERN ELECTRIC POWER COMPANY

Carrying Costs associated with Affiliate Assets by FERC Acct

Billed from SWEPCO to Other Affiliates

For The Test Year Ended March 31, 2020

| <u>FERC Acct</u> | <u>Total Carrying Costs</u> | <u>Debt Component</u> | <u>Equity Component</u> |
|------------------------------------|-----------------------------|-----------------------|-------------------------|
| 4540 - Rent From Electric Property | (530,383.51) | (148,066.84) | (382,316.67) |

D. Affiliate Expenses [PO Issue 41]

1. Affiliate Carrying Costs

AEP Texas's revenue requirement includes carrying costs that are billed to it from affiliates, primarily AEPSC, and that are related to either AEPSC's or AEP Texas's occupancy and usage of other affiliates' buildings..¹⁰⁶² During the test year, the Central Division was charged \$580,126 by affiliates for carrying charges, and the Central Division charged \$620,141 to its affiliates for the same..¹⁰⁶³ For the test year, the Central Division received \$40,015 more than it paid. During the test year, the North Division was charged \$231,404 by affiliates for carrying charges, and the North Division charged \$23,991 to its affiliates for the same..¹⁰⁶⁴ For the test year, the North Division was charged \$207,413 more than it received.

Staff argues that both the debt component and an equity component of the affiliate carrying costs should be removed from AEP Texas's requested revenue requirement. Staff witness Givens recommends removing the return on assets that AEP Texas was charged as well as the return on assets that AEP Texas received from other affiliates from its revenue requirement in the amount of \$167,398 (\$207,413 - \$40,015)..¹⁰⁶⁵

AEP Texas does not dispute that affiliate carrying costs should be removed from its revenue requirement, but argues that it is improper to remove the debt component. Under recent Commission precedent, only equity carrying costs should be removed, but not the debt component. In the PFD in SWEPCO Docket No. 46449, the ALJs noted:

Staff witness Stark would allow SWEPCO to recover the debt-related portion of the carrying charges, but she recommends disallowance of the equity portion of the

¹⁰⁶² Staff Ex. 2 (Givens Dir.), Attachment AG-23.

¹⁰⁶³ *Id.*

¹⁰⁶⁴ *Id.*

¹⁰⁶⁵ *Id.*

carrying charges, based on the Commission's decision in SPS Docket No. 43695..¹⁰⁶⁶

The ALJs in Docket No. 46449 concluded that the SPS precedent that formed the basis for Staff's recommendation limited the disallowance to *equity* return:

The ALJs recommend that the Commission approve Ms. Stark's proposed adjustment to remove \$795,480 from the Company's proposed cost of service, which reflects *the equity portion* of carrying costs associated with affiliate charges. The ALJs also recommend that the Commission remove *the equity component* of carrying charges SWEPCO received from its affiliates in the form of rent billings (and included in rent income) in the amount of \$509,723. The net reduction from Ms. Stark's expense and revenue adjustments is (\$285,757)..¹⁰⁶⁷

AEP Texas argues that under this precedent, disallowing only the equity portion results in a disallowance of \$136,770..¹⁰⁶⁸

Staff contends that neither the PFD and order in Docket No. 46449, nor the Staff testimony in that docket, address the debt component of the carrying charges..¹⁰⁶⁹ However, Staff testimony in that docket points to the precedent established in Docket No. 43695. Staff argues that just because the order is silent regarding the debt component does not mean that the Commission explicitly authorized its recovery. By contrast, the order in Docket No. 46395 disallowed carrying charges paid to and received from an affiliate. Regardless, Staff argues, "[a]llowing AEP Texas to recover the debt component of carrying charges paid to and received from its affiliates is akin to allowing the recovery of interest expense and runs afoul of PURA."¹⁰⁷⁰ The ALJs agree.

¹⁰⁶⁶ Docket No. 46449, PFD at 258.

¹⁰⁶⁷ Docket No. 46449, PFD at 263 (emphasis added). *See also* Docket No. 46449, Order at FoF No. 212 (Jan. 11, 2018).

¹⁰⁶⁸ Staff Ex. 2 (Givens Dir.), Attachment AG-23 at 2-3, 6-7.

¹⁰⁶⁹ AEP Texas Initial Brief at 84 (citing Docket No. 46449, Order (Jan. 11, 2018)).

¹⁰⁷⁰ Staff Reply Brief at 41.

In Docket No. 46449, Staff witness Ruth Stark's basis for allowing keep the debt component is not clear, and the PFD provides no reasoned justification for allowing it. Regardless, Commission precedent provides that carrying costs associated with shared facilities charges incurred from affiliates are unnecessary and unreasonable.¹⁰⁷¹ Certainly, when the debt component is known, as here, allowing the Company to retain the debt component runs contrary to PURA § 36.058(a)(2) and (b) which prohibits as a capital cost or expense a payment to an affiliate for interest expense unless the regulatory authority finds the payment is reasonable and necessary for each item or class of items as determined by the Commission.¹⁰⁷²

Accordingly, the ALJs recommend that the Commission approve Ms. Givens's proposed adjustment to remove \$811,530 (Central Division \$580,126 + North Division \$231,404) from the Company's proposed cost of service, which reflects both the debt and the equity portion of carrying costs associated with affiliate charges. The ALJs also recommend that the Commission remove both the debt and the equity component of carrying charges the Company received from its affiliates related to AEPSC's or AEP Texas's occupancy of other AEP affiliate buildings in the amount of \$644,132 (Central Division \$620,141 + North Division \$23,991). The net reduction from Ms. Givens's expense and revenue adjustments is (\$167,398).

2. Overall AEPSC Charges to AEP Texas

a. STEC's Position

STEC challenges the overall affiliate charges by AEPSC to AEP Texas. STEC claims that the amount AEPSC charged TNC and TCC for the 2018 test year is substantially higher than the amounts charged in the preceding three years.¹⁰⁷³ For example, AEPSC charged TNC and TCC \$130,715,296 in 2015; \$140,984,824 in 2016; and \$151,930,358 in 2017; but

¹⁰⁷¹ Docket No. 43695, Order on Rehearing, FoF No. 137 (Feb. 23, 2016).

¹⁰⁷² PURA § 36.058(a)(2) and (b).

¹⁰⁷³ STEC Initial Brief at 21.

appropriate jurisdictions.⁵¹⁵ But once Dr. Szerszen took issue with particular work orders, SPS needed to provide convincing evidence, such as a showing a sample of work orders that properly reflected costs that should be partially charged to Texas ratepayers.

OPUC asked SPS a series of questions during discovery concerning the allocation of costs to Texas and New Mexico in Ms. Schmidt-Petree's rebuttal testimony. SPS's responses reveal an extremely complicated jurisdictional allocation process.⁵¹⁶ It is possible that SPS provided support for Ms. Schmidt-Petree's testimony but the ALJs cannot, without further explanation, divine the particular allocation processes used for these work orders.

The ALJs understand SPS's argument that, if the directly assigned New Mexico orders are disallowed, there should be an increase of \$296,138 for "Texas" work orders. Those orders were allocated the same way, testified Ms. Schmidt-Petree. However, SPS bears the burden of proof on this issue. OPUC raised a concern about a set number of work orders and SPS did not meet its burden of showing that those work orders were an allowable expense. Accordingly, the ALJs recommend a disallowance of \$203,474.

5. Shared Facilities Charge

SPS witness Ms. Perkett explained that shared assets are assets used by an Xcel Energy affiliate (*e.g.*, XES) that are owned by one of the Xcel Energy Operating Companies. The shared asset is recorded on the books of the Xcel Energy Operating Company. Because the asset is owned by one of the Operating Companies, but used by, for example, XES employees performing work for all of the Operating Companies, the costs for that asset must be shared among all the Operating Companies. The costs that the owner incurs for these assets include book depreciation, tax depreciation, related deferred taxes, removal cost recovery, property taxes, and a return on investment. According to Ms. Perkett, the return on investment associated with the shared assets is included to ensure SPS customers, and the customers of the other

⁵¹⁵ SPS Ex. 37, Blair direct at 18-20.

⁵¹⁶ See OPUC Ex. 30, 30A; OPUC Ex. 8, Szerszen workpapers at 17-20.

SPS should be allowed to recover it in its cost of service. She indicated that the charges for shared asset costs represent “rent” paid to the owning operating company for the XES employees’ use of the assets. The return on shared assets represents the after-tax WACC, based on a regulatory authority’s approved return and cost of capital. By including return in shared assets carrying costs, this represents the actual cost of service for the shared assets for the owning Operating Company, stated Ms. Perkett. And she noted that the relevant regulatory authorities have approved the return and weighted average cost of capital for each of the owning companies. Moreover, FERC considered SPS’s methodology for applying a return on shared assets and did not disagree with it.⁵²⁰

The ALJs concur with Staff. The cost of a profit to an affiliate is an unnecessary and unreasonable expense to Texas ratepayers and is inconsistent with case law. SPS’s shared facilities charge expense should be adjusted downward by \$1,564,659 to remove the carrying costs associated with the shared assets that have been charged to SPS. Additionally, SPS’s revenue requirement should be adjusted upward by \$4,487,726 to remove the return on assets that SPS received from other affiliates. As recommended by Ms. Givens, this adjustment should be made to FERC Account 922.

6. Life Events

For most affiliate classes, SPS included expenses for life events, which are costs incurred to improve employee morale by acknowledging specific events such as the birth of a child or death of a family member. Staff witness Ms. Givens testified that this gesture of “kindness and compassion” is not reasonable and necessary for the provision of electric utility service and recommended a disallowance of Life Event costs totaling \$2,475.⁵²¹ Although SPS believes these costs are reasonable and beneficial, it does not contest this proposed disallowance. Accordingly, the ALJs recommend that this expense be excluded from SPS’s affiliate expenses.

⁵²⁰ SPS Ex. 42, Perkett rebuttal at 24-26.

⁵²¹ Staff Ex. 5A, Givens direct at 35.

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S FIFTH REQUEST FOR INFORMATION**

Question No. Staff 5-63:

Refer to Schedule G-14, Regulatory Commission Expense and Schedule A-4, Detail Trial Balance for the Test Year Ended March 31, 2020. Please reconcile the total test year amount of \$2,497,184 shown on Schedule G-14, Regulatory Commission Expense, with the amount of \$2,624,761 shown for account 9280, Regulatory Commission Expense, on Schedule A-4.

Response No. Staff 5-63:

Please see Staff 5-63 Attachment 1 Regulatory Expenses for a reconciliation of the total test year amounts as shown on Schedule G-14 to the 9280 balance as shown on Schedule A-4. Certain accounts were inadvertently excluded from Schedule G-14. An additional \$46,306 should have been removed from the Company's total request for FERC 9280.

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch